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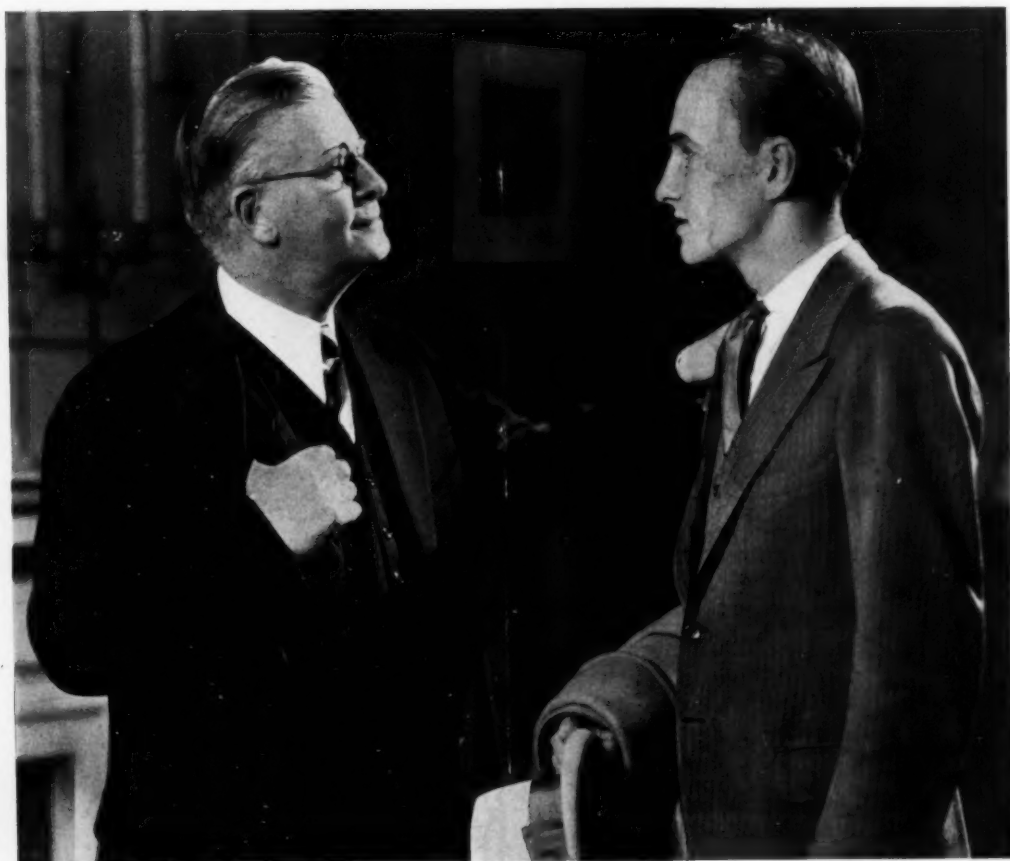
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The CREDIT WORLD

JUNE, 1933
Vol. XXI No. 9

"If I had a son I would want him to establish a credit rating as soon as he embarked on his business or professional life, so that he would find out how indispensable a part credit plays in commerce and would learn how to use it without letting it get out of hand."

—J. MORGAN BRIGHT



"Build for the Future, Son! Establish a Good Credit Record!"

MAGAZINE • OF •



• RETAIL • CREDIT

"O.K.,"--SAYS NEW YORK!



"These Stickers Are Often More Effective Than Letters and Much Less Expensive"

"One of our department store members has been using the National Collection stickers with very good results.

"They received a letter from one of their customers with reference to the sticker headed 'Your Remittance.' She wrote on the bill which she returned to

the store: 'This is one of the nicest reminders I've ever noticed anywhere.'

"Many of our members have found that these stickers are often more effective than letters and much less expensive."

—Bulletin of the Credit Bureau of Greater New York, Inc.

**Printed in Two Tones of Blue. Exact Size Shown Above.
\$2.00 Per Thousand. Order From Your Credit Bureau.**

**NATIONAL RETAIL CREDIT ASSOCIATION
1218 Olive St. St. Louis, Mo.**

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June, 1

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Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

June, 1933

Vol. XXI

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EDITORIAL AND EXECUTIVE OFFICES

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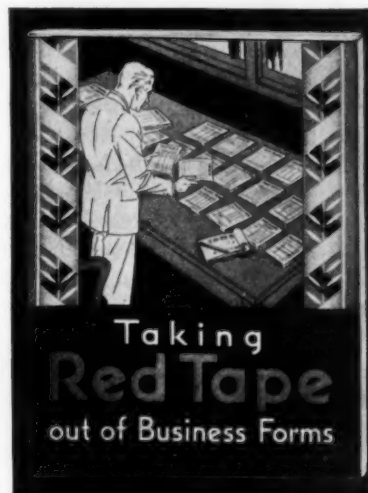
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This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association.



In all other respects the Association cannot be responsible for the contents thereof or for the statements or opinions of writers.

"Taking Red Tape out of Business Forms"



A Book Every Credit Manager and Every Credit Bureau Manager Should Read

BUSINESS moves up and down—products change—buying habits change and once adequate and suitable systems for handling routine will, unless changed and improved to meet business conditions, become an accumulation of cumbersome details.

Today with volume down it is very easy to be burdened with a lot of useless and antiquated forms. Now is the time to give this matter serious study—this book is an excellent guide. Read it and then pass it on to your office manager for action.

You'll be surprised at the accumulation of waste operations being performed daily that merely duplicate some other function of your office routine. Your secretary can procure a copy without charge in the United States—\$1.00 if located in Canada or foreign country.

THE CHAMPION COATED PAPER COMPANY

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DISTRICT SALES OFFICES

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EDITORIAL COMMENT

D. J. WOODLOCK

How to Reduce Retail Credit Losses

MANY economists, business men and even retailers, particularly those who advocate cash as a base for consumer sales, have glorified the latest Bankruptcy Report of the Department of Commerce, in which we find that, in 1930, 29,067 wage earners took advantage of the Bankruptcy Act and caused a loss of \$125,000,000. They point to this as an evidence of unwise and easy credit extension and condemn the whole consumer credit system.

We admit that this indicates careless credit extension and much of this loss can be charged to the creditor, but in its final analysis these figures are a most forceful endorsement of the twenty years of continuous preachment of the National Retail Credit Association for sound credit and community protection of credit.

A study of these cases indicates that not 1 per cent of the creditors were members of the National Retail Credit Association, which proves that *it is not the extension of credit which caused these losses, but not knowing how to extend credit.*

There are 18,000 retailers and professional men affiliated with the National Retail Credit Association. All of these extend credit liberally and have found it profitable because they follow the teaching of the N. R. C. A.

There are several hundred thousand other retailers who ignore the call of the N. R. C. A., either because they think they know all about credit extension or they will not pay the small membership fee, or they will not pay a reasonable fee for credit reports from an efficient credit bureau, or they refuse to cooperate with fellow-merchants.

Upon these retailers can be laid the enormous waste, not alone of bankruptcy costs but millions which are charged off as bad debts without going through the court.

When will these retailers wake up to the fact that they are doing themselves and the entire retail fraternity an injustice and committing an unpardonable sin against the public by year in and year out causing this great waste?

The very fact that individual bankruptcies increased 414 per cent during the period of 1920 to 1930 should indicate to these retailers that the

consumer is not as honest as in years past or possibly has acquired more knowledge as to how to take advantage of the law. Which means that a more careful and thorough investigation should be made of every applicant before the account is opened and that you must keep in constant touch with his actions after it is opened. There is only one way to do this—through organization and cooperation—and the National Retail Credit Association, with its 1,200 credit reporting bureaus offers the best medium.

» » »

Store Employees Aids to Credit Department

THE credit manager of every retail store employing a number of persons has a credit sales promotion organization right in his own store, which is often neglected. The larger the number of employees, the greater the possibilities.

An article appearing in *Retailing* tells how Bloomingdales, New York, consider their 2,000 employees their best customers and have achieved great success by promoting special sales, style shows, pre-sale showings, etc., *for their exclusive benefit.*

With a little educational work by the credit manager, the employees can produce new charge accounts, increase credit sales and report extravagant trends or derogatory information. Of course untrained or unthinking employees attempting to do these things will do more harm than good. That is why the education is necessary.

The credit manager should explain to the employees the store's credit policy—the type of customers desired as charge accounts—the necessity of watching limits on sales and keeping in touch with customers' domestic and financial affairs.

Employees must know they have no authority to open charge accounts, that's the sole privilege of the credit manager, but in their daily contact with customers they have many opportunities to suggest a charge account to those whom they have reason to believe are entitled to that privilege, customers who would appreciate the courtesy.

Credit managers will find the good will of store employees a wonderful asset and should constantly cultivate it.

Increase in Credit Reports

A GOOD index of the trend in credit sales is the increasing number of credit reports interchanged between the bureaus of the National Retail Credit Association as indicated by the number of official coupons used in inter-bureau reporting.

During May, 52,450 coupons were ordered from the National Office as compared with 38,830 last May, indicating a decided increase in reports between cities.

Increased Employment Means Increased Retail Sales—

A CCORDING to press reports, Henry L. Hopkins, Federal Relief Administrator, states there are sixteen million persons on the Government relief list. Add to this, millions who are just managing to get by and millions who are limiting buying because of salary reductions and we have the reason why retail sales are showing a decrease.

Until these sixteen millions are no longer on the charity list and reemployment and restoration of wage schedules place the consuming public in position to spend, there will be no uptrend for the retailer and no real prosperity for the country.

The objective of the National Industrial Recovery Bill is widespread and permanent employment at wages sufficient to insure a decent living. Increase in commodity prices, stocks, bonds, etc., is the forerunner of increased employment and wages and business men are realizing there can be no business without customers and no customers without money to spend and that most of us get this money as wages for service.

The big problem now is to give the people money to spend—through employment and increased wages—then the products of our mills and factories can be distributed to these people through the retailer, who is the very backbone of the nation's business, because only in proportion to his ability to sell will the country be prosperous.

Poindexter Twenty-five Years With Loveman's

THE Department Store of Loveman, Berger & Teitlebaum, Inc., of Nashville, Tennessee, is celebrating its seventy-fifth anniversary and R. H. Poindexter has finished his twenty-fifth year with the firm as Credit Manager and Controller—an unusual record when we consider that Mr. Poindexter set out in life to be a physician and was a full-fledged M.D. when he took up credit work.

His ability as a credit executive has brought him national recognition. He is a charter member of the National Retail Credit Association, and in 1914-15-16 served as National Treasurer and a member of the Board of Directors.

Important Notice

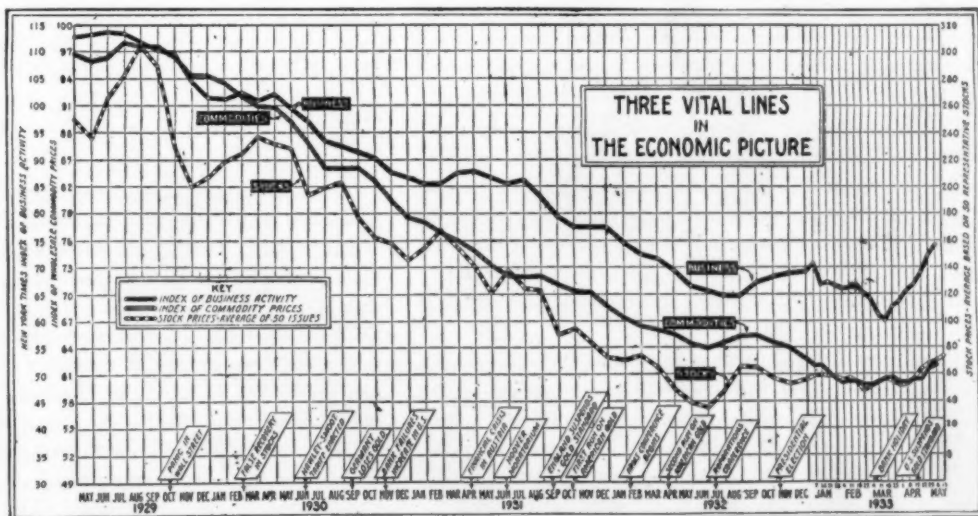
The annual Convention of the National Retail Credit Association, scheduled to be held this month (June 20-24) in Memphis, has been postponed for one year, because of the desire of the Board of Directors to cooperate with the economic policies of the members of the Association.

President Lovett has called a meeting of the Board of Directors of the National Retail Credit Association for June 17, 18, at National Headquarters in St. Louis.

Chairman Keeler of the Service Department has called a meeting of the Service Department Committee, to be held in St. Louis on June 16.

Business Forges Ahead

The following chart, reproduced through the courtesy of the St. Louis Globe-Democrat, indicates that since March the business uptrend has been the most consistent and sustained since 1929.





Credit Granting in 1963

By E. E. McINTYRE

Credit Manager, McGoldrick-Sanderson Co., Spokane, Wash.

MONDAY morning, June 15, 1963—the businesslike hum of the outer office of the main store in Chicago of Roeward's echoed softly in the General Manager's office as the Controller, Mr. Emerson, stepped in. As he did so Macey Roeward, the General Manager, looked up sharply.

"Ah, here you are, Emerson. I called you in to discuss the report you made me on the installation of our new robot credit men in all our stores. This was completed here at the main store Friday, I believe."

"Yes, Mr. Roeward," eagerly, from the Controller, "the exhaustive tests we made before putting them in proves that they will be far more successful in handling people than the old-fashioned human credit men with their strange quirks and idiosyncrasies. I tell you, Mr. Roeward, the installation of our robot credit and collection management will release millions in receivables to us."

"Yes, yes," assented the General Manager, "I believe that and I want to congratulate you on your foresight. The elimination of the human element in the handling of our credits in the eighty-eight hundred stores we have certainly insures our success."

"Indeed it will, sir," answered the Controller. "I know that by the end of the year, Bullworth's, our only American competitor, will have acquired such a large amount of poor receivables that they will be forced to accept our offer of a merger. You know, sir, the old-time methods they use in their credit extensions and their collection policies are pitiful by comparison with ours."

"Their credit and collection departments—well, you know, we had the same experiences before we turned to our robot system. Why sir, that Control Robot we have is guaranteed to interview and take ten applications an hour." "Yes, it certainly will reduce our credit department costs, Emerson," said Mr. Roeward. "We made a wise move then. By the way, let's see how he is operating."

Turning to his desk-grid at his elbow, Mr. Roeward dialed a number and both men waited an instant with eyes upon the small white square. Light glowed upon the face of the grid, then shadows, taking form swiftly until the main application office appeared, with the newly installed robot functioning smoothly and perfectly.

An applicant was seated across the desk with her little girl and the voices of the three came clearly to the General Manager and his companion from the amplifier. The voice of the robot came to them very businesslike:

"Your husband's full name, Madam, followed by your own. Please do not give initials."

"Mrs. James Alfred Morrison. My name is Adelaide."

"Your residence?"

"144676 South Dearborn Avenue."

At this point the little girl whispered to her mother: "Mamma, that is not a man, is it?" "No, dear," answered her mother, under her breath, at the same time looking fearfully at the machine, while the voice broke in with, "May we proceed with the application, Madam?"

"Your husband's occupation?"

"Mr. Morrison is chief engineer for the National Gyrocraft Corporation."

"Salary, please, Madam?"

"Why, er-really, I do not know, but is that necessary?"

"Perfectly necessary, Madam. We cannot consider your application without the proper answers to our interrogations."

The voice of the robot died away as an insistent call broke in from the amplifier: "This is the Chief Operator, Denver Division, Mr. Roeward. The credit department of your store number 4467 in Salt Lake wishes to speak." "All right," said Mr. Roeward, "put them on." And as the grid darkened, then lighted again: "I wonder what is up in Salt Lake, Emerson. The robot installation has been made there?" "Yes, sir," answered the Controller. "Last week."

A replica of the main store's application office flashed upon the grid. At the desk stood the Salt Lake store manager, Mr. Tuttle, and with him an apparently very irate, pompous gentleman and the usual robot credit man.

"Mr. Roeward," commenced Mr. Tuttle, "this gentleman, Senator Dodge, is somewhat incensed at what he believes to be the improper machine-like tactics of our credit department, and—"

"Machine-like! It's inhuman—and you know that the whole business is poppycock," roared the Senator, an old friend of Mr. Roeward. "This bill of mine here

is mostly for purchases the wife made for an old-fashioned Christmas and here this damned machine of yours threatens to communicate direct with the Senate in Washington if I do not pay at once.

"What are you going to do about it, Roeward?" stormed the Senator. "I am going to pay that bill when I get around to it and neither you nor your machine can, as our dads used to say, 'get blood out of a turnip.' I'll break you, Roeward, for this."

"Just a moment, Dodge, I will see that this is fixed up for you. Mr. Tuttle, have the Senator's account transferred to the main store at once by telephoto. That is all. No—come and see me when you are in town tomorrow, Dodge, will you?"

Snapping off the grid, the General Manager dropped back into his chair. "Emerson, that has stirred up a terrible mess. Dodge is a large stockholder and an old schoolmate of mine. We can't have those machines make such blunders as that."

"But sir," protested Mr. Emerson, "the system will not allow us to discriminate in favor of this Senator, when he admits that most of the account was run last December. We have no precedent for that, sir."

"Precedent, humph, precedent," grunted Mr. Roeward, "I tell you, Emerson, we can't press Dodge for this, I don't care what happens to the system."

At this point the radio phone flashed upon the desk. Mr. Roeward answered, listened a moment, then—"Yes, he is here. Here, Emerson—this is for you."

The Controller took the phone from his chief, "Hello? Yes, my dear. . . . What's that? . . . Great Scott, it can't be!" Another long pause, then: "Well, but perhaps the National report received from the Credit

Bureau made it necessary under our new system to refuse the application." Another silence followed by: "Well, I can't do that. I do not know what to do about it." Then: "She's gone, sir—switched off."

"What is it, Emerson?" asked the General Manager. "Nothing wrong at home, I trust."

"No sir, nothing like that. Our credit department at store number 3863, that's our store at Michigan Avenue and Forty-fourth, just refused credit to my wife's sister and the wife is looking for my skin—wants me to overrule the decision of the credit office. I can't do that, sir!"

"Why of course not, Emerson. You must allow the system to function properly to obtain the best results. That is what we expect from our new installation," answered Mr. Roeward.

"But sir, what can I do? I know that my sister-in-law is perfectly responsible. I know that she will pay under proper supervision. Please tell me what to do."

"Well, Emerson," said his chief, "we have both been caught, it seems. You have a problem in your sister-in-law and I have one in my old friend, Senator Dodge. We have got to put those two accounts in the charge of some person who can give them individual, specialized service. We must keep their good will and their business, Emerson, even if we have to go back to those old bugbears back in the second Roosevelt's time—twenty-five or thirty years ago—the human credit men with their individualistic credit and collection methods."

"That may be the solution, sir," said the Controller, "but what about our new system?"

"Well, to use the words of some of our great men, ages ago, Emerson, 'The system be damned.' We have got to hold those people and you know it."

"An applicant was seated across the desk with her little girl and the voices of the three came clearly to the General Manager and his companion from the amplifier. The voice of the robot came to them very businesslike:

"Your husband's full name, Madam, followed by your own. Please do not give initials."

"At this point the little girl whispered to her mother: 'Mamma, that is not a man, is it?' 'No, Dear,' answered her mother, under her breath, at the same time looking fearfully at the machine, while the Voice broke in with, 'May we proceed with the application, Madam?'"





We "Rehabilitate" Delinquent Customers

By J. E. R. CHILTON, JR.

Vice-President and Manager, Merchants Red Book Company
(The Credit Bureau), Dallas, Texas

How the "Trustee Agreement Plan" Is Successfully Used in Dallas to Solve
the Delinquent Account Problem and Rehabilitate Embarrassed Customers

THE economic change which took place a few years ago in this country found thousands of business and industrial organizations unprepared to meet the emergency, and those organizations which were able to adjust their affairs to meet the changed conditions were confronted with a multitude of problems. Today, one of the most important of these problems facing the retailer is the increasing number of delinquent accounts.

Reference is made here particularly to those accounts made by individuals who were formerly prompt in liquidating their obligations, but who through financial reverses are unable now to pay their debts when they become due.

Every credit manager realizes the importance of keeping delinquent accounts alive, so to speak. On the other hand the use of coercive methods in effecting settlement of this type of account not only causes the creditor to fail frequently in his collections, but it evokes the ill will of the debtor, and as a result the creditor loses him as a future customer, for we are assuming that in most instances the straitened circumstances of the majority of debtors, in a measure, are temporary.

A plan has been devised and used in our organization for the past nine months whereby the debtor is enabled to liquidate his indebtedness with his creditors on a fair and equitable basis by what is called a Trustee Agreement Plan. I shall not attempt to give the plan in minute detail here, but will endeavor to explain the principal steps used in the procedure.

We retain the services of a man capable and experienced in handling credits who directs all the work in the Trustee Agreement Department. He interviews all debtors and attends all the special meetings held by the merchants for the discussion of delinquent accounts. For the sake of brevity, I shall refer to him as the department manager.

A group composed of about fifteen of the leading merchants audit a part of their books each week to obtain the names of debtors they have in common in order that concerted action may be taken. The portion of the alphabet to be covered is assigned by the manager of the Trustee Agreement Department. Each merchant then lists each of his delinquent accounts on a form that is called a "Past Due Account Report" on which the name

and address of the debtor, his occupation, rating, the balance due, the age of the account, and the date of the last payment are shown.

These lists are sent to the department manager who in turn compiles from them summary sheets on which are shown the name and address of each debtor, the firms he owes, the amounts owing and the age of the accounts.

Each merchant in the group is sent a set of summary sheets which he checks against his ledger. If he is selling any of the debtors listed, he makes a notation on the ledger to curtail any further charges and lists his active account on the summary sheet.

These sheets then are taken to the special meetings that are held by this group of merchants each week for the discussion of the accounts. Not infrequently, it is revealed at the meetings that several of the merchants are selling individuals who owe two or more delinquent accounts, and this information serves as a warning to the merchants to watch the account closely.

When persons are found to owe two or more delinquent accounts the department manager is advised to contact them. Also, he contacts the debtors whose names are given him by the reporting department where a close check is kept on all records cleared each day. The first contact letter is as follows:

Dear Mr. Doe:

Please call by my office at your earliest convenience for I have a matter of extreme importance to discuss with you.

Very truly yours,

A. G. JOHNSON,
Assistant Secretary.

If the debtor fails to respond to this letter he is written a second one which is dictated by the department manager.

The department manager studies the situation of each individual debtor, suggests the best method of liquidating his debts, and in many instances assists in budgeting his expenditures. If the financial status of the debtor is such that he is able to obtain a loan from the bank with which he does business or an authorized loan bank, he is advised to secure the loan. By this method the creditors are paid immediately, thereby receiving their money on which to operate with limited liability.

In instances in which the loan cannot be arranged the Trustee Agreement Plan is suggested. By this plan the debts are pooled in what is called a trustee agreement in which the debtor promises to pay to the trustee for his creditors a stipulated amount at specified periods. He then is dealing with only one person, the trustee, who each month apportions the money among the creditors. After the agreement is signed the department manager writes each creditor informing him of the arrangements made. The following is a copy of this letter:

To the Creditors of: (Debtor's Name)

A. P. West Company
182 W. Blvd.
Dallas, Texas

Gentlemen:

The above party being unable to liquidate his accounts at this time, has called upon us for assistance and has executed a Pooled Account Agreement amounting to \$150.00.

Your account amounting to \$15.00 is included.

This party has arranged to pay as follows: 10 installments of \$15.00 each to be paid on first and fifteenth of each month. The first payment is due May 1, 1933.

As soon as we receive a sufficient amount to declare a dividend, a check will be forwarded to you for your prorate. There is no cost to you *whatsoever* for our handling this transaction and we are indeed glad to be of such a service to you.

Please mark your ledger not to send any further statements nor to send any further collection letters, etc.

If you desire to know the status of the debtor call or write us at any time. We shall keep after him in a systematic way, doing our part to have him live up to this agreement.

We believe that this is the best arrangement that can be made under the existing circumstances and we trust that it will be satisfactory to you. If there is anything further you desire to know, kindly communicate with me.

Yours very truly,
J. E. R. CHILTON, JR., Trustee.

The payments are made to the trustee who distributes the money proportionately among the creditors. The time required for clearing accounts by this plan is from six to twenty months.

The department manager keeps a card file on each debtor who has signed the trustee agreement note and he notifies the debtor five days before each payment is due. If the debtor does not make the payment when it is due, he is given five days of grace, and after this time has elapsed, he is called over the telephone at regular intervals.

In instances in which a reasonable excuse is given, the debtor is not called until the date he stated that he would be able to pay. If the efforts of the trustee to collect a note fail, the account is turned back to the creditor in order that he may take steps toward collecting it.

However, it is very much easier to pay one creditor one amount each week or month than it is to pay six or seven creditors a little out of the salary or income, and

we have had only two instances in which the debtors failed to pay. In each case the debtor had every source of income cut off and no means with which to pay.

Debtors who reside out of the city are contacted also, and the following letter illustrates the method by which their accounts are handled:

Dear Mr. —:

In making our periodic examination of our subscribers' charge accounts, for the purpose of giving a correct credit rating to those persons whose names appear regularly in our credit rating records, we find accounts in your name which are now past due.

It is a part of our service to undertake to assist debtors in liquidating their past due accounts and maintaining a satisfactory credit rating for future reference, and for that purpose we are bringing this matter to your attention.

Perhaps you will be interested in consolidating these past due accounts and making one monthly payment to us, which would be distributed ratably among the accounts indicated, in which event we would be very glad to handle the matter for you, or perhaps you have some other way of taking care of the situation.

We shall greatly appreciate your attention to this matter at your earliest convenience, for it is our earnest desire to assist you in every way possible in maintaining a satisfactory credit rating.

Very truly yours,

A. G. JOHNSON, Assistant Secretary.

(Continued on page 26.)

BARGAINS IN LUXURY



For as little as \$3.00 a day you can enjoy the luxury and Minute Man Service of this famous hotel. Located in the smart Grand Central Zone, one block from Park Avenue. Restaurant prices are amazingly economical, too—luncheon 65c and dinner with dancing, \$1.00.

HOTEL LEXINGTON

48TH AND LEXINGTON AVENUE • NEW YORK
Under Ralph Hitz Direction • Chas. E. Rochester, Manager



The "Old Guard" Looks to the Future

By H. VICTOR WRIGHT

Past President, National Retail Credit Association;
Vice-Chairman, the "Old Guard" Committee

[[Extracts from an Address at the "Old Guard" Day Celebration of the
Retail Merchants Credit Association of Los Angeles, May 4, 1933]]

IN ALL parts of the country this evening, meetings similar to our own are taking place and with at least a threefold purpose:

- (1) To pay tribute to the pioneers in retail credit activity in every community whose achievements constitute the foundation upon which the structure of consumer credit has been built.
- (2) To review these achievements and to consider their adaptability and adequacy to meet present conditions.
- (3) To stimulate a sustained interest in retail credit problems upon the part of the "Old Guard"—whom I prefer to designate as the "pioneers" in this particular field of endeavor and to encourage an equal, or greater, spirit of cooperation and sacrifice upon the part of the younger generation of credit men and women who have assumed, or will be called to assume, leadership and responsibility which others have laid down.

When one realizes that within the memory of most of us, it was a common practice for store owners and managers to assume the responsibility of credit extension without reference to the credit department, frequently—by the very nature of the procedure—to their regret, we can the more appreciate the fact that today it is a rare exception when a credit is O.K.'d without the approval of the credit department and full opportunity afforded for the application to pass through the customary and vitally necessary routine established.

Whether the merchants of this, or of any other, community—with rare exceptions—recognize, however, the importance and far-reaching possibilities of the responsibilities of the credit manager is a serious question.

This may be, in a measure, due to the failure of the individual credit executive to realize these possibilities, but this is probably the exception rather than the rule. More often the credit executive, by reason of his training and his contacts, has a far keener and more accurate conception of the importance of his department than the merchant himself.

And if there is one thought which I would like to bring home to you with greater emphasis than any other, it is this, that the possibilities of the credit department for sales promotion must be more fully and more generally recognized—and will be—by the successfully conducted

business institutions of the immediate future and if the credit executive is to fulfill the requirements of his office, he also must recognize the same fact and be qualified to assume the responsibilities which it entails.

Twenty-five years ago, the retail credit executive was practically an unknown quantity—today he is a vital factor in the commercial life of the country.

But we venture the prediction that in the coming decade a transformation just as great will have taken place and the retail credit executive of the future will occupy a position of greater responsibility—if not of greater possibilities—than today, and it is not unlikely that his title will have been changed from that of credit manager to that of credit sales manager and his office will be recognized as a productive office and he as a producer.

In his address to the "Pilgrims of the United States" in New York City, a few evenings ago, Ramsay MacDonald, Prime Minister of Great Britain, expressed the belief that when our grandchildren turn back the pages of history to the period in which we are now living, they will find that it will be regarded as the opening chapter of a new era.

If we may so regard it, then we believe that the tremendous importance which consumer credit has played in the closing chapter of the past—the fact that it has withstood so strikingly the strain of a world-wide depression of stupendous magnitude, will bring its possibilities and its problems conspicuously to the foreground in the vision of the new era upon which we are now entering.

Consumer credit called for no holiday. At a time when the banking institutions of our country had ceased their normal functions, the public realized the value and the significance of retail credit as never before. It knew where to turn for help for the meeting of its needs.

When our banks were unable to release funds held on deposit for their customers, the credit departments of the nation drafted their man-power to meet the public need, accepting checks and extending credit to meet the exigencies of the banking holiday.

Merchants made use of the daily press to advertise their willingness to meet the emergency by cooperation with the public, and to many of our merchants the far-

reaching importance of the credit department must have been brought home more strikingly, more impressively, than ever before.

And what must have been the reaction of the public? Must it not have brought home to them also the fact that the credit departments of our business institutions are a refuge in the time of storm!

The credit department was demonstrating its function as a sales department—with *goodwill* as its commodity. The sale of goodwill, which is one of the chief functions of the credit department, is inseparably linked with the sale of merchandise.

If our merchants fully realized how much of the merchandise, the sale of which is credited to the merchandising departments, is directly attributable to the sale of goodwill by the credit department, they would have a much greater respect for the credit department and would come to regard it in its true light as a sales department and its executive head as credit sales manager and entitled to equal recognition with the most important divisional heads in the institution.

No single executive assumes the responsibility for so large a proportion of the volume of the average business as does the credit manager. In most instances, from a little under, to considerably over, 50 per cent of the total sales of the institution pass through the department of that executive.

It seems to me that the paramount need is for a re-awakening upon the part of credit executives to that vision of present and future possibilities which marked the various steps of progress of the past and for an ever-increasing measure of confidence and cooperation upon the part of the merchants in and with those to whom they are entrusting the responsibility of credit extension.

The immediate future should see standardization of credit procedure, finding and following the most efficient methods, but this will not be achieved without a realization of its need upon the part of credit executives and asking and receiving the cooperation and support of the merchants themselves.

To speak plainly, there would seem to be no greater need than that the merchants of the country realize that in order to reap the fullest benefits to be derived from the credit department they must not only fail to oppose, but they must deliberately encourage contact and cooperation between credit executives, for only by this means can standardization of credit methods and procedure be achieved.

The necessity of abandoning the holding of the Annual Convention of the National Retail Credit Association which was to have been held in Memphis this coming June, while fully justified by the best information available regarding the ability, or lack of ability, of credit executives to attend, nevertheless would appear to justify the inevitable conclusion that the large majority of the merchants of the country have not yet

grasped the significance of the accomplishments of the past two decades, or the fact that these accomplishments would have been impossible except for the breadth of vision of those merchants—still in the minority—who encouraged and made possible the attendance of their credit executives at National Conventions, State and Regional Conferences and local gatherings of the credit fraternity.

To the present generation of credit men and women who are looking for the day when they will occupy executive positions in the credit departments of the community, may I, in conclusion, bring this thought and express this hope—that nothing worth while is achieved except by sacrifice—that to qualify for the responsibilities of the future with its unfolding possibilities, the broadest education which credit courses, judicious reading, and contact and cooperation can afford, will be essential—that success will never be attained unless there is joy in service—and the hope that you will receive the confidence and cooperation of the merchants which will alone make possible the achievement of your own ambition efficiently to serve.

» » »

The country's population of 122,775,046 is divided: Urban 68,954,823, rural 53,820,223.

» » »

Average retail food store sales dropped 16.6 per cent in 1932, but the food price index dropped 15.8 per cent.

THE BENTLEY SCHOOL of ACCOUNTING and FINANCE

A DISTINCTIVE SCHOOL which is devoted exclusively to training men who desire to specialize in preparation for the key department of business administration, or for professional accounting.

Many of the graduates are holding positions such as:

¶ IN BUSINESS—office manager, head accountant, cost accountant, traveling auditor, general auditor, credit manager, comptroller, statistician, assistant treasurer, treasurer, branch manager, vice-president, general manager.

¶ IN PUBLIC ACCOUNTING—senior accountant, supervisor, manager, partner.

¶ IN PUBLIC SERVICE—bank examiner, tax consultant, internal revenue agent, special investigator, senior auditor, treasurer.

¶ Its graduates are employed in 20 states and 6 foreign countries.

¶ Students have enrolled from 22 states and 5 foreign countries.

¶ Two years are required to complete the course, the shortest time consistent with thoroughness.

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H. C. BENTLEY, C.P.A., President
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Telautographs Connecting Stores and Bureau Cost Less Than Any Other Form Ever Used!!

—BECAUSE—

Telautographed Messages Never Require Re-Writing

—AND—

Save the Cost of Checking Back On Verbal Messages!
Actual Test Showed Saving of 50% On Each Message!

(Proof in Our Files)

Below Are Given Comments of Users—After Test

"It gives us instant communication, saves considerable time and permits us to have a record of the transaction, not only for our own use in bookkeeping, as we use the telautograph inquiry as our sales-slip, but helps us to check up employees when mistakes have been made."

"Outside messenger service reduced or eliminated.
"Ideal for broadcasting warnings.

"Our members are exceptionally well pleased and claim 25 per cent reduction in labor expense with better service."

"We also find that the Telautograph relieves the various Office assistants of the necessity of immediately leaving whatever work they may be at the moment engaged in to answer a telephone call concerning credit, as this information now comes in through the Telautograph system and the information thus received or the requests for credit information made by the Credit Office are given attention as soon as possible after an assistant has finished a definite task."

"I discussed the efficiency of the service rendered by means of the Telautograph with various of our credit men who have them now in their service, and they are well pleased, particularly those institutions who received information from us previously entirely by phone. This new method gives them a written memorandum of the information as reported by our operator, promptly and complete."

"We believe that this machine is filling a long felt want and it will only be a question of time when it will become almost an absolute necessity in an up-to-date Credit Bureau."

"Telautograph allows you opportunity to know EXACTLY what was said and when it was said and of course undeniable evidence for 'checking,' and it eliminates gossip."

"Formerly it took several days to get through some reports whereas now invariably we get the information the same day we make the inquiry."

"It is a wonderful improvement over the old telephone service between this store and the Credit Bureau and the telephone and messenger service that formerly existed in our stop delivery system."

"Saving in time alone is, in our opinion, sufficient to pay for the cost of its operation."

"The reporters in the bureau now know that they are making a written record, one which can at any time in the future be checked back; hence, the accuracy and completeness with the previous report present no comparison."

"We do not regard ourselves as heavy users compared with others of bureau service, but I am sure it will be a profitable investment for any user averaging as many as a hundred reports per month."

"If one clerk had to take them over the phone we should have had to have extra help in the department."

"We would highly recommend this system in the transaction of reports as we feel it has been a profitable expenditure in many respects."

"May we voice our praise of what we think to be the Telautograph's greatest asset to any Credit Department—its ability to secure information 'silently' while the customer is waiting."

"The machines have accomplished a reduction of at least twenty-five per cent in the labor on the part of two clerks employed in handling incoming and outgoing inquiries and with less confusion due to the fact that it is possible for our clerks to make investigations while information is being received from the Bureau office, thus also speeding up service."

*Can You Afford to Be Without This System? The Cost Is
Only About \$1.00 Per Day For Each Store Connected!*

DEPENDABILITY

ECONOMY

SERVICE

TELAUTOGRAPH CORPORATION

FACTORY AND GENERAL OFFICES: 16 WEST SIXTY-FIRST STREET, NEW YORK, N. Y.

An Analysis of Consumer Bankruptcies « « From the Recent Boston Survey

By HORACE W. POTE

ONE human failing—the unsuccessful desire to live a champagne life on a beer income—is the chief cause of consumer bankruptcies in Boston. Such a conclusion is reached after reading the report of the joint research of the Human Relations Institute and the Law School of Yale University, assisted by the United States Department of Commerce.

This, an intensive study of 266 consumer bankruptcy cases in Boston, was recently published by the Department of Commerce, under the title, "Causes of Bankruptcy Among Consumers."

Extravagance! That explains 28 per cent of all causes in 266 cases wherein credit difficulties played some part in causing the consumer to seek and obtain relief through the bankruptcy court. Heretofore, little light has been shed on the fundamental causes of this bankruptcy mania but the tripled forces of investigation have presented a revelation of new facts.

One in particular that ought to strike home is the sum of \$3,600,000, representing total claims, for which less than one cent on a dollar was realized in final settlement with the creditors. Coupled with this is the knowledge that this growing condition of easy relief owes its development to easily acquired but poorly controlled credit.

Three significant lines of evidence, pointing to corrective measures to check this wholesale increase in consumer bankruptcy, indicate that the person of scant educational training forms the bulk of those who have sought this legal avenue of escape; that these people are chiefly from the wage-earner class; and that they give no orderly thought to any plan to adjust expense to income.

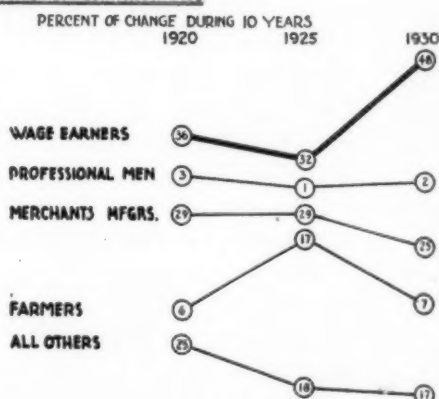
The accompanying charts emphasize these facts, pointing out where proper educational measures can influence improvement; that better credit control exercised over

those who are grouped in the wage-earner class will minimize losses due to overextensions; and, finally, that people who desire and deserve credit should practice a reasonable degree of budget control over their domestic affairs.

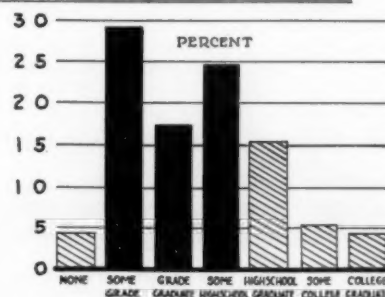
What has been revealed in Boston likely exists in other large metropolitan centers. Not only is bankruptcy a racket, an expensive means by which consumers unload their rashly acquired burdens, but credit executives must soon realize that it is poor merchandising to saddle such operation costs onto the legitimate purchaser.

CONSUMER BANKRUPTCIES IN BOSTON U.S. DEPT. OF COMMERCE SURVEY BULL. No. 82

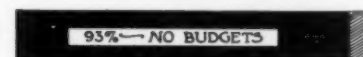
1. TREND OF BANKRUPTCIES



2. EDUCATIONAL TRAINING OF 264 BANKRUPTS



3. DOMESTIC MANAGEMENT OF 263 BANKRUPTS



Oklahoma City Elects R. Leo Frye

R. Leo Frye of Rothschild's B. and M. Store, last week was elected president of the Oklahoma City Retail Credit Association. He succeeds Herbert Pickett of the Morris Plan bank.

Other new officers named were: R. T. Howard, Crescent grocery, vice-president and treasurer; A. D. McMullen, secretary, and W. V. Zedlitz of Montgomery Ward & Co., F. A. Whitten of the Rorabaugh-Brown Co., and E. A. Dubendorff of Clouse & Stone Shoe Co., directors.

They were installed at a noon meeting on May 18 and were guests of honor at a picnic held at Belle Isle Park that evening.

A Brief Digest of the Annual Report

Membership

During the fiscal year 4,212 memberships were cancelled, owing to bankruptcies, consolidations and firms going out of business. This was two less than the previous year.

New memberships numbered 1,856 as compared with 3,819 last year. Fifteen new Local Associations were recognized.

Fifteen New Locals

Victoria, Canada
Tallahassee, Florida
Ames, Iowa
Hutchinson, Kansas
Newton, Kansas
Holyoke, Massachusetts
Boonville, Missouri
Alliance, Nebraska
Manchester, New Hampshire
Plainfield, New Jersey
Cortland, New York
North Tonawanda, New York
Medford, Oregon
Kelso, Washington
LaCrosse, Wisconsin

Ten Largest Locals

New York	- - - - -	1,055
St. Louis	- - - - -	749
Cleveland	- - - - -	713
Kansas City	- - - - -	441
San Francisco	- - - - -	429
Des Moines	- - - - -	384
Denver	- - - - -	327
Los Angeles	- - - - -	314
Springfield, Mass.	- - - - -	290
Portland, Oregon	- - - - -	283

Five Leading States

Missouri	- - - - -	1,651
New York	- - - - -	1,407
California	- - - - -	1,309
Ohio	- - - - -	1,245
Pennsylvania	- - - - -	872

Service Department

Service Department membership is 1,206, as compared with 1,219 last year.

Supervising Collection Department

Supervising Collection Department membership is 580, as compared with 510 last year.

Finances

The annual audit of Touche, Niven & Company, Certified Public Accountants, as of April 30, 1933, indicates the Association is in good financial condition.

Total receipts for the year were \$134,165.39. Total expenses \$112,354.79. Surplus was \$21,810.60, as compared with a surplus of \$2,518.89 last year.

Of this year's surplus, \$18,151.95 has been advanced to the National Consumer Credit Reporting Corporation, pending completion of their operating set-up.

Receipts and expenses for the year, departmentized, follow:

	Receipts	Expenses
Association	\$69,341.56	\$60,386.25
Service	58,326.05	41,662.96
Supervising		
Collection	3,716.68	7,781.41
Educational	2,781.10	2,524.17



E. H.
GARDNER

FRANK A.
FALL



"Collections have picked up remarkably since we have been using this new book"

THE IDEAS and methods in this book bring in the money today despite current conditions"—that's what scores of credit men and other financial executives who have bought it said when we asked them how they liked Gardner and Fall's new book **EFFECTIVE COLLECTION METHODS**. Here are a few extracts from letters typical of enthusiastic praise this book is receiving: "*One of the letters brought in \$100 on the first old account it was sent out on*"—Joseph H. Seymour, Assistant Treasurer, F. E. Powers Company, Worcester, Mass. "*I didn't have it two weeks before it had paid for itself many times over*"—H. S. Thomas, President, Thomas & Crabbe Baking Company, Bridgeport, Conn. "*This is the best book I have found for practical use*"—F. O. Lewellen, Credit Manager, W. A. McNaughton Company, Muncie, Ind. "*One of the best helps we have in our collection department*"—J. B. Haberer, Boston Store Dry Goods Company, Fort Smith, Ark. "*Has materially improved our collection results*"—Aaron Lenzer, David Lenzer & Sons, New York.

Fits Your Own Needs

YOU CAN put *Effective Collection Methods* to immediate and profitable use, whether your business is large or small. It is filled with ideas and methods that are being used successfully **right now** in concerns of every kind and size. They produce results wherever skillfully and energetically applied.

No matter how good your present collection policies and methods may be, you will find it distinctly worth your while to check them against the ideas that are described

and explained in this new book. You will find material to help you whether you merely want to adjust points of detail so as to handle unusual situations—such, for example, as those resulting from the recent bank holidays—or whether you want to rebuild your entire collection routine.

Effective Collection Methods

by E. H. Gardner

of Benton & Bowles, Inc.

and Frank A. Fall

Past Director, Nat. Institute of Credit,
National Association of Credit Men

Up-to-Date, Complete

THIS IS no compilation of smart-aleck, one-time, high-pressure schemes but is instead a thorough, organized presentation of up-to-the-minute methods that collect money without cutting down sales or losing good will. The acid test of practical experience under current conditions has been given to every idea described.

Effective Collection Methods shows the practical application of the principle of resale in collections. It breaks down

the collection process into six distinct stages and guides you to the most effective action at each stage. The use of various effective appeals is illustrated by actual examples. Office system for collection work is thoroughly covered.

The procedure behind successful collection work is thoroughly treated. Actual collection policies and methods for every type of business are described and explained. Collecting by telephone and telegraph, instalment collecting, procedure in special types of business, and legal aspects of collecting are all included. Regardless of the nature of your collection problem, you will find in this book suggestions and ideas to help you get better results.

As a great proportion of modern collecting is done by mail, exhaustive treatment is given to collection correspondence. 265 complete letters that have proved particularly effective are reproduced, as well as hundreds of extracts which show how to handle any situation with which you are likely to have to deal. In each case, sufficient explanation of the surrounding circumstances is given so that you can see at a glance whether a similar letter is likely to prove equally effective in your own requirements.

See It—Then Decide

THOUSANDS of credit executives—including hundreds of members of the National Retail Credit Association—are already using *Effective Collection Methods*. We will gladly send you a copy—at our risk, without advance payment and delivery charges prepaid—with the privilege of five days' examination before you need decide whether to keep it.

Just one account collected through the use of a suggestion obtained from this book will repay you its small cost many times over. Fill in and mail the coupon below—book will be sent by return post.

472 Pages, 265 Specimen Letters, Price \$4.50

(Fill in, tear out, and mail)

Sent Postpaid and Without Advance Payment for Your Examination

The Ronald Press Company

Dept. M618, 15 East 26th St., New York

Send me a copy of Gardner and Fall's *Effective Collection Methods*, delivery charges prepaid, with the privilege of five days' approval. At the end of this five-day approval period I will either remit \$4.50 in full payment or return the book to you.

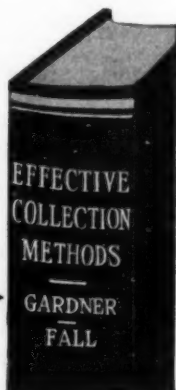
Name _____ Title or Position* _____

Firm* _____ Business _____ Address _____

City _____ State _____

*Must be filled in unless cash accompanies order.

Orders from outside continental U. S. or Canada, cash plus 25c for shipping.



Sent on 5 days' approval
Fill in and Mail the Coupon



Why Public Utilities Need Credit Bureau Service

By D. W. BINFORD

Chief Clerk, Kansas Gas & Electric Company
Wichita, Kansas

LET me first express my appreciation of the splendid way in which the Managers and Secretaries of the Kansas Credit Bureaus responded to the questionnaire (regarding public utility memberships) which we recently sent out. Forty-two of the 43 responded and no doubt the one who did not respond has a perfectly good alibi for keeping the 3 cent stamp!

We did not expect any startling information from these questions. But we did find some very interesting information regarding the way in which the utilities of Kansas cooperate with their local credit bureaus. You will perhaps be interested in some of these facts:

25 out of 41 or 60.9%	of the Electric Companies—
27 out of 43 or 62.8%	of the Gas Companies—
7 out of 41 or 17%	of the Water Companies—
21 out of 43 or 48.8%	of the Telephone Companies—
80 out of 168 or 47.6%	of the Utilities in the 42 cities are members of the Credit Associations.

In counting the municipal utilities we find 12 Electric, 4 Gas and 37 Water Companies owned and operated in these 42 cities. While only 4 of the municipal utilities carry memberships in the credit associations, 35 of these 53 city-operated companies cooperate with the bureaus by furnishing information.

We further learn from these answers to our questions that there are *only* 34 of the 168 utilities that use the Bureau Collection Service.

Some very significant footnotes are added to the answers such as: "Seldom use it however"; "The utilities cooperate 100 per cent with our bureau," "We enjoy wonderful cooperation on the part of all our public utilities" —(all the above answers refer to privately owned, member companies). From a municipally owned town—no memberships: "Cooperation and memberships would be of mutual benefit and profit."

Some of the reports showed that none of the utilities belonged to the Credit Associations nor did they cooperate, others showed that all the public utilities of the city were members and seemed to be enthusiastic in their cooperation. The other reports varied in between these two extremes.

In every case where the utilities fully cooperate I believe you will find them enthusiastic members. Why are they enthusiastic? It is because they get results that show a profit. The giving and receiving of information by a utility from a bureau is of mutual benefit and promotes better credit conditions in any community.

What is good for the merchants of a city is good for the utility, whether it is privately owned or operated by the city. The credit problems of a retail store are the same as those of a utility. That is, learning the credit standing of the customers and knowing how much credit to grant.

One comment from a small city was that the losses were so small that it would not pay for the utility to pay dues or use the collection service. If that is true of the utility is it not also true of the other merchants?

I would not advise any of you to seek a position as a utility credit manager because you think he has no credit problems. The utility credit field is no greener than the one in which you are now located. And that reminds me of a story I read the other day about Joe over in Reno County.

"One day a sick old eagle got the blind staggers at 1,500 feet and made a forced landing in Joe's pasture. One of the hands threw his coat over the old warrior and brought him to the house.

"Joe tied the eagle to a stump in a spare chicken yard and got a kick out of everybody flocking to see him. But the poor old soul was on his last pegs—wouldn't eat, never moved and took no interest in anything.

"Now, fighting game roosters is Joe's hobby, and one day he had a few cronies over to inspect his latest pur-

Editor's Note:

This article is from an address delivered at the Semi-Annual Meeting of the Kansas Associated Credit Bureaus, Salina, Kansas, April 17-18, 1933.

chase, a \$250 bird named Blue Steel, a champion and a noted killer. It happened that the eagle's yard was next to the exercise pen of the new rooster, and when Joe let him out for the boys, he saw Old Baldy dozing on his

stump. Before you could say 'scram,' Blue Steel jumped on a barrel and sailed over the fence into the eagle's territory.

"The fellows thought it was a crime to let the young battler spear the old cripple, but Joe said it would save him a job he didn't relish and that it would be all over in a minute and would give him a line on his rooster's action.

"Short and sweet is right! Blue Steel pranced up to the eagle, sailed into the air, and sloughed the old boy with his right. The invalid opened one eye, looked down at the blood on his chest, and let out a Rebel Yell that was enough to make your hair stand on end. Then he rolled off the stump like a five-ton truck, put one foot on the rooster and with a single sweep of his other mitt he showered the audience with \$250 worth of blood and feathers. Then, after gobbling a pound or so of fresh meat, he climbed back on his stump and went to sleep. I ask you, was Joe's face red?"

Green Pastures? Survey well your own field before taking in new or too much territory.

We often hear the question asked, "Why should the Electric, Gas, Water or Telephone Company need a credit and collection department? All you have to do is shut off the service if the customer does not pay."

Let me ask this, "Cannot a credit manager of a department store, a clothing or grocery store, stop giving out merchandise if the customer does not pay?" The merchant has the advantage of the utility; he knows the amount of the charge before the goods are delivered. This is not true of the utility. A merchant can select his customers, the utility must give service to anyone who applies for it, unless that applicant is already indebted to the utility.

"But," you say, "the utility has a deposit to cover the account." This is only partly true. How about this experience of a Telephone Company: A man came in and made application for telephone service in an apartment. He paid the connection fee and made a deposit of \$7.00 to guarantee two months' service bills. At the end of the first month he had long distance charges amounting to a little over \$52.00!

"When an attempt was made to collect for this service it was found the man had left the apartment and no one seemed to know where he went. The company did not suspect that this man would do such a thing so did not set up for a daily or weekly check on his toll charges. Later this customer was found in another city using another initial in his name and playing the same game, but the bill was not collected.

The more usual way for this kind of fellows to work is to pay for one or two months' ordinary bills then run up a large bill and leave without warning.

This may be considered as problem No. 1 and I will ask you bureau managers how your organization could have assisted the Telephone Company in this case.

Let us look again at an experience of a Water Company—an experience which may be duplicated many

times: A man came to the office and said he had sickness and that he could not pay the full amount of the bill. Naturally the credit man accepted a partial payment. Next time the customer had other excuses and he got further behind, but being an old customer the account was carried. This went on for several bills.

Finally, came a time when something desperate had to be done and service was ordered disconnected. The Shut-Off Man called at the residence and found it vacant. The neighbors said it had been vacant three weeks or more. Upon further investigation this family was found using water under a contract signed for in the wife's name.

Now what would you have done? Mr. Bureau Manager, how could you have helped in this case?

Do you ever have trouble with people using fictitious names, or have people take merchandise out of your store without telling you about it?

We had an interesting case recently with so many angles that I cannot attempt to tell all of them.

It is the practice of our organization, the Kansas Gas and Electric Company, to not seal off the electric service when a place becomes vacant. We hang a green tag on the meter for the new customer to sign and mail to our office. If the new customer does not do so the meter reader finds it out the next time he reads at the address.

One day a meter reader reported that a family was living at 622 South Fine Street and the meter showed registration. Our special man went out and got the contract signed and we found it to be K. Joker. We had a final bill for him from a previous address.

Our Credit Department wrote him to come to the office and arrange for security; this he did not do, so service was disconnected at the pole, and final bill issued for the current he had used. The next month the meter reader reported electric current being used and additional registration on the meter. This time we sent out and removed the service wires and meter from the house.

About two weeks later this house was vacant. After a check with Mr. Joker's employer and the Gas and Water Companies he was located. But service was in the name of Mr. A. Adams! A collector was sent out—he recognized Mrs. Joker but told her he was looking for Mr. A. Adams. She said, "That's us," but claimed A. Adams was her aunt who lived with them. She refused to pay the previous bill so service was disconnected at the pole.

Two days later a recheck found them using electricity. Again we removed service wires and meter. (A lamp cord had been used to connect the wires on the pole.) Eventually all the bills were paid, including the one filed with the Credit Bureau Collection Department, and now he has service in his own name and is paying his bills monthly as they become due.

Early in the handling of this case a report was cleared though the bureau which revealed his questionable credit record. All the other utilities had somewhat the same experience with this customer.

(Continued on page 30.)

Pacific Northwest Conference An Outstanding Success

By FRANK T. CALDWELL

Field Representative, National Retail Credit Association

WHEN the Twelfth Annual Convention of the Retail Credit Conference of the Pacific Northwest was held in Portland last year, the delegates from Vancouver, B. C., in bidding for the 1933 Convention promised that if they were successful, no stone would be left unturned to make the event an outstanding and long-to-be-remembered occasion in the annals of the Conference.



Vancouver Business District—Burrard Inlet in Background

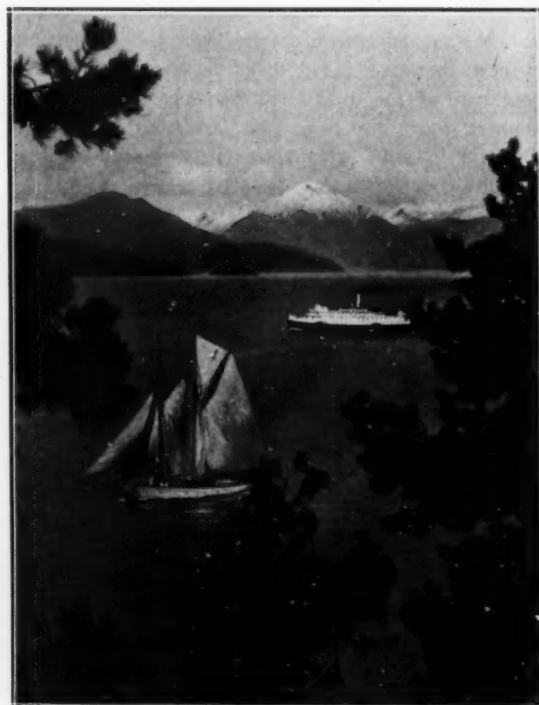
They further promised a variety of entertainment and a program which so enthused those present in Portland that the Vancouver bid was accepted with practically no dissenting voices. Everyone there last year remembers how the British Columbia delegation immediately went into executive session and began to formulate its plans for the coming year even before the applause had died away in Portland's Multnomah Hotel.

When the registration books were closed and the opening session of the 1933 Convention started on the morning of May 15 in Vancouver, more than two hundred delegates were in their places in the beautiful Oval Room of the Canadian Pacific's Hotel Vancouver. Portland sent a substantial delegation as did Tacoma and Seattle, while Spokane arrived in force headed by that stalwart of the Scottish clan, "Mac" McLeod.

Representatives were present from Montana, Idaho, and almost every section of Washington and Oregon. The Victoria and Vancouver credit men were also out in force and the large room was completely filled when the Convention was called to order by President C. R. M. Gale of the Retail Credit Grantors' Association of Vancouver.

After the invocation, Mayor L. D. Taylor welcomed all visiting delegates in the name of the City of Vancouver, which greeting was graciously received and acknowledged by Stuart Bliss, President of the Retail Credit Association of Portland. After an introduction by President Gale, of all National representatives and State Chairmen, the opening address was made by Frank T. Caldwell on behalf of the National Retail Credit Association and speaking for the St. Louis officials who, owing to the distance and unforeseen circumstances, were unable to be present.

The highlight of the morning's program unquestionably was the address by Mr. D. Robertson, Controller of the Hudson's Bay Company, which institution has the distinction of being the oldest retail establishment in the world. Mr. Robertson's subject was entitled, "The Credit Department from the Controller's Viewpoint,"



Howe Sound

and he spoke illuminatingly on the importance of the credit man in the general scheme of retail merchandising and the increasing tendency of management to award official recognition to credit executives when those execu-

tives show, by their initiative and inherent ability, the right to merit additional responsibility.

Throughout his entire discourse and in his answers to various questions propounded by the delegates from the floor, it was evident that Mr. Robertson has not only a high regard for the credit fraternity, but has a comprehensive understanding of the problems that beset us.

Another very excellent and instructive address followed, entitled, "Canadian Bankruptcy Law," by Mr. Alex Manson, B.A., K.C., M.L.A., of the law firm of Williams, Manson, Gonzales and Taylor. This speech was of especial interest to the delegation from the United States since our own contemplated revised bankruptcy statutes are based in several respects on the Canadian law.

A luncheon to all visitors was tendered by the Credit Grantors' Association of Vancouver during which Dr. W. B. Burnett, B.A., M.D., C.M., F.A.C.S., delivered his famous humorous lecture, "The Inheritance Tax." Many pads and pencils were in evidence from which it is fair to assume that his jokes (and all of them were new) will shortly go the rounds of the entire West.

During the afternoon, group conferences were held for Department Stores, Installment Houses, Apparel Shops, Fuel Dealers, and Finance Companies. Also the bureau managers of the Pacific Northwest convened under the chairmanship of Walter Jensen of Spokane, President of the Pacific Northwest Bureau Managers' Association.

Meanwhile, wives, sweethearts, and other lady relatives of the visiting delegates were royally entertained by the ladies of Vancouver with a luncheon and bridge party at the Yacht Club. At four o'clock the entire Convention was transported by bus to Stanley Park where it assembled for a photograph before the Harding Memorial and was addressed by Mr. E. E. Palmer, Consul General, American Consulate, and by Mr. W. C. Mainwaring, President of the Vancouver Rotary Club.

That evening, the Commodore Cabaret was the scene of a most elaborate banquet and ball, replete with decorations and vaudeville entertainment. Mr. H. A. Stone, General Manager of the Hudson's Bay Company officiated as toastmaster and it was generally agreed that

in genially presiding over an audience of four hundred, he ably demonstrated his abilities as a general manager. Professor W. A. Carrothers, B.C., Ph.D., D.F.C., of



Hotel Vancouver—Convention Headquarters

the University of British Columbia delivered an inspiring banquet address. The ball lasted until a late hour and because we were in Canada, it was rumored that the gathering later broke up into small parties and dispersed to the various rallying centers in the Vancouver Hotel for refreshments, but since such a procedure is practically never followed at credit conventions, this rumor was no doubt unfounded.

At seven o'clock Tuesday morning, the Vancouver Credit Women's Breakfast Club entertained some two hundred visitors at breakfast which was presided over by its President, Miss Mona Wales of David Spencer Limited. Addresses were made by Miss Mabel Bishop, President of the Credit Women's Breakfast Club in Port-

(Continued on page 20.)



13TH ANNUAL CONFERENCE OF THE PACIFIC NORTH WEST VANCOUVER B.C. MAY 27-31, 1933

What Credit Men May Learn From Abnormal Psychology

By H. PAUL KEGLEY

ONE of the best resources for the study of normal human nature is the abnormal individual. In university curricula the subject matter of courses in abnormal psychology consists of the description and classification of the behaviors of abnormal human beings. This branch of science almost entirely has been constructed in the past forty to fifty years.

Much of the mass of knowledge and scientific organization has been unexpected and, indeed, is so revolutionary in nature as to require considerable study by the layman for its assimilation. Unfortunately much superstition, ignorance, and fear have surrounded the mental diseases and aberrations.

Through the centuries, and until quite recently, those mentally afflicted generally have been maltreated. A fair assumption could be that their guardians presumed that those afflicted chose to behave as they did and that the punishment and maltreatment would cause them to make a rational readjustment. Or may it not have been that the guardians could not determine a rational source of action and as something must be done they do as some parents do in an emergency, punish and maltreat.

The Church was a great refuge during the Dark Ages. With the movement separating Church and State, the care of the mentally afflicted has passed to the State. It was by narcotic drugs that the medical profession began the care of the mentally afflicted.

Through the administration of these drugs the medical fraternity developed a professional interest in the mental diseases and disorders. This right-about-face attitude toward the patients has been a salient contribution of the medical group. Specialists in this field came to be known as *psychiatrists*, or *alienists* when acting in a legal capacity.

A further contribution of the medical group was the classification of the mental diseases and disorders which is credited particularly to Emil Kraepelin in the comparatively recent date of 1899. This classification is

still basic. Another contribution was the postulate that the mental diseases and disorders occur in degrees of difference from a shade off the normal through to the most advanced abnormal states. Formerly it was accepted that these deviations were discrete, that is, reactions and behaviors distinctly foreign to the more average individual.

It is now clearly accepted by the psychiatrists that the purely normal individual is nonexistent and that all individuals deviate more or less from the theoretical normal. Who has not heard the old story of the Quaker grandmother who told her granddaughter that "everybody is queer but thee and me, and even thee is a bit queer"? But it most aptly illustrates the psychiatrist's theory of personality.

The descriptions of abnormal types of personality differ qualitatively but slightly from the "so-called normal." For the most part the differences are quantitative. Dr. Karl Menninger, who is a highly regarded psychiatrist, emphasizes this in his book, *The Human Mind*, which was chosen as the Literary Guild book of the month for February, 1930. He

said, "And this is precisely how psychiatrists, who have studied the wrecks that came to them, became enabled to say something definite, positive, and useful about the queer behavior of queer people. And then about the queer behavior of normal people. They discovered that there were general laws governing behavior, laws as definite as those governing breathing or digestion."

These facts seem to suggest that the extreme or uninhibited behavior of the mentally afflicted is in effect a "microscope" by which we can examine the behavior of the "so-called normal" types, the existence of which is always tacitly implied by the psychiatrist. Sufficient confirmation of this is at hand so that we safely may say that one of the tools of psychology is the study of the abnormal phenomena, since in every abnormal tendency we find a normal tendency considerably magnified.

It is the purpose of this article to approach some of the problems of the credit man with the psychological tech-

"It is our business to make both a science and an art of human nature. As in the physical world we select first the material suited for our purpose, then turn the iron into steel and temper the steel for the knife, so in the world of human action we must learn to select the right man, to educate him and to fit him for his exact task.

"This indeed we try to do in all our social institutions, religions, commerce, systems of education and government. But we work by the rule of thumb—blind, deaf and wasteful.

"The nineteenth century witnessed an extraordinary increase in our knowledge of the material world and in our power to make it subservient to our ends; the twentieth century will probably witness a corresponding increase in our knowledge of human nature and in our power to use it for our welfare."

—J. McKEEN CATELL, in "Homo Scientificus Americanus."
(*Science*, April 10, 1903.)

nique learned from the field of abnormal psychology and apply it to the solution of these problems.

Credit men deal exclusively in human values so then they must sooner or later look to the orthodox field of psychology for guidance and understanding of human beings. As time goes on we will be increasingly required to nominate the mental phenomena as observed instead of dealing in broad meaningless generalities.

It is clearly practical that credit reports and records can make use of psychological terminology and use the concepts of human behavior which have been developed through many years. It is the history of all sciences that they developed the terminology which the applied fields subsequently adopt.

Perhaps the most understandable reason for credit men making use of abnormal psychology can be found in the hereditary element of the insanities. It was in 1866 that Mendel, an Augustinian monk, experimenting with two varieties of the culinary pea in his monastery garden, discovered the underlying laws of heredity. The effect of the chromosomes, or dominant determiners, of one generation upon the chromosomes of the subsequent generations are so exact, yet so simple, that we all should be cognizant of them.

Suffice to say for the moment that there is a marked predisposition for the mental diseases and irregularities to be inherited. Individuals so afflicted make obviously bad credit risks in just that degree to which their mental disorder has advanced, and many a problem case in the credit man's experience is but a mild mental case who may never be institutionalized, and may never even be thought mildly afflicted of a mental disorder save by the psychologically trained individual.

It is a matter of public record when cases are institutionalized. Such data should be recorded in the files of our associations not only in case that the individual be subsequently paroled or completely discharged, and we may thereafter highly supervise the account, BUT that his immediate relatives and especially his offspring may be regarded as potentially bad credit risks because of the hereditary influence of mental disorders.

Very striking evidence of the importance of heredity has been found in the surveys of several families among which are the Kallikaks, the Ishmaels, the Jukes, the Nams, and the Wins. H. H. Goddard's *The Kallikak Family* is perhaps the best known book of these named. In tracing back the ancestry of a girl in the Vineland Training School (New Jersey Reform School) he came

I am the Foundation of Prosperity!

I AM the lifeblood of business—the buying medium of millions of consumers.

I keep the industries of the nation at work, providing employment for everyone.

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I AM CREDIT!

Help keep the nation prosperous—pay retail bills promptly.

National Retail Credit Association
Executive Offices
Saint Louis

"O.K."—What it means

THAT little notation, "O.K.", on your charge slips, is the badge of honor of the retail charge account.

It means that your credit is good—that you pay your bills promptly and according to promises.

It means that the merchant has confidence in your integrity.

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Credit is Faith in Humanity

CREDIT—derived from the Latin *credo*: I believe—is based on faith—faith in people—faith in their character and determination to, as Emerson says, "pay every debt as if God wrote the bill."

And he who justifies that faith, who pays his bills according to terms and promises, builds a credit record that is priceless.

Credit, never abused, is never refused. Pay retail bills promptly.

National Retail Credit Association
Executive Offices
Saint Louis

Like the Sterling Mark on Silver!

A GOOD credit record is like the "Sterling" mark on silver—identifying its possessor as one of sterling character.

Your credit record—your credit standing in your community—is the measuring line by which you are judged, especially by those in business.

"Pays promptly" is an identification mark of unquestioned integrity—like the "Sterling" mark on silver.

Prompt payment of retail bills—on the 10th of each month—is the foundation of a high credit record.

National Retail Credit Association
Executive Offices
Saint Louis

The "Who's Who" of Business

NOT all of us have our names recorded in "Who's Who" or the Social Register but—All of us, whether in high or low estate, are catalogued in the "Who's Who" of Business—the records of the Retail Credit Bureau.

Here on a little card is kept the life history of your credit record—of how you meet your obligations or don't.

"Prompt Pay," the highest tribute in the "Who's Who" of Business, is the record of those who pay retail bills on the 10th of each month.

National Retail Credit Association
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"PROMPT PAY" INSERTS

Inoffensive—in polite, polished wording, they show the customer the bright side—the advantage of paying promptly. You can enclose them with all your statements without hesitation—without fear of offending any one.

Size 3 1/2 x 6—in two colors.—\$2.50 per 1,000

Order From Your Credit Bureau

The 10th of the Month Is Merchants' Pay Day!

THE retail merchant is a public servant. He serves you faithfully and well and, like any other faithful servant, expects his payment when due.

Retail charge accounts today are based on standard monthly terms.

Each month's charges are due on the 10th of the following month.

Whether you are an employer or an employee, you know what "pay day" means!

The 10th is the merchant's pay day. Pay him promptly. Prompt payments promote prosperity and protect your credit.

National Retail Credit Association
Executive Offices
Saint Louis

upon a man, Martin Kallikak, a captain in the American Revolutionary Army, who had two lines of descent.

One line, through an illegitimate son by a feeble-minded girl, included 480 descendants, including 143 feeble-minded, 292 of uncertain intelligence, 36 illegitimates, 33 prostitutes, 24 alcoholics, 3 epileptics, 3 criminals, and only 46 normal individuals. The other line, by a wife of normal intelligence, included 496 descendants, but with only 1 feeble-minded, 1 sexually loose, 2 alcoholic, and 1 with "religious mania," all the remaining 491 being normal, many being prominent in the professions and business. Goddard found the above-mentioned Mendelian law of heredity operating here. Other families studied have fully corroborated Goddard's work.

It is seriously doubted if any of the more studious credit men who might read some of these family studies can do so without realizing that the hereditary backgrounds of human beings are of practical value to even them in a busy world. Some day a quiet man of science will go through generations of files of credit records and show us what heredity means in the credit man's language.

Another practical value we can find in abnormal psychology is the intimate study of the disorders and diseases as presented by the psychiatrists. This has been put in simplified language by Dr. Karl Menninger, in his immensely interesting book, already referred to. He writes for the layman in very understandable language. He shows that the little-understood people, those we vaguely describe as "queer," "ornery," "peculiar," or "eccentric" can be quite accurately diagnosed by psychiatry.

An understanding of psychopathology actually helps us to better understand the everyday man wherever we find him. After reading Menninger, I think we will conclude that there are great numbers of mild psychopaths and near normals who cannot be institutionalized yet they constitute a class of problem individuals whom the layman otherwise never can understand. They are some of your problem cases and that discovery will bring a great sigh of relief.

A little reading of the books on psychiatry that are now available for the layman will be of immense value to the progressive credit executives.

(To be continued in next issue.)

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Selig Heads Baton Rouge Association for Fourth Consecutive Year

The Retail Merchants Association of Baton Rouge, La., at its annual election held May 2, re-elected Louis Selig, Credit Manager of the Rosenfield Dry Goods Company, as President—his fourth year in this office.

W. L. Manship was elected vice-president, Fred Bahlinger, treasurer, and William Decker, secretary. Directors: Harry J. Perkins, Dr. H. J. Babin, D.D.S., R. J. Abbott, Jewel L. Bates, Miss Marion O. Brooks, W. P. Barnes, Jr., J. M. Kidd, George F. Moore, St. George Hines, E. L. Gass, D. I. Cazedessus.

Pacific Northwest Conference —

(Continued from page 17.)

land, Miss Florence Du Montier, President of the Credit Women's Breakfast Club in Spokane, and Frank Caldwell from the National Association.

During the Tuesday morning session, we listened to several very interesting addresses. They were made by Mr. George R. Raymond of Seattle, Mr. G. R. Baird of Vancouver, Mr. A. S. Cohn, Portland, Oregon, Mr. Charles G. Banner, Victoria, B. C., and Miss Florence Du Montier of Spokane. Mr. E. K. Barnes, Vice-President of the First National Trust & Savings Bank in Spokane and National Director gave an excellent talk on the vision and future of the National Association which was followed by an address on the "National Credit Educational Class" by Walter A. Jensen of Spokane.

The Credit Grantors' Association again were hosts at a luncheon during which the guests were privileged to hear one of the most instructive speeches of the entire Convention. Mr. Mayne D. Hamilton, Superintendent Pacific Coast Branches of the Canadian Bank of Commerce spoke on, "Canadian Banking Practice." In view of the timeliness of Mr. Hamilton's subject and the clarity with which he touched upon all phases and safeguards in Canadian banking, this luncheon was one of the major events of the entire program.

The Conference closed Tuesday afternoon after an address by Mr. Oliver M. Prentice of Victoria, and a definition of "A Community Credit Policy," by Mr. Grant C. Braman of Portland, Oregon. National Director Barnes gave his report and Mr. J. S. Taylor of Tacoma was elected President for the 1934 Conference which is to be held in his city.

As a fitting climax to a most enjoyable two-day visit, the Vancouver credit organizations chartered the Canadian Pacific steamship, "Princess Adelaide," for a moonlight cruise in and among the beautiful islands of Howe Sound. The lovely waters of the Sound with high blue mountains capped in snow rising sheer from its shores made a picture that no visitor fortunate enough to attend this convention will ever forget.

There was not one of us who accepted the invitation of our Canadian friends who did not leave British Columbia with a real sense of regret and with the expressed hope that an invitation would be extended again. The Canadian credit ladies and credit men royally entertained every visitor within their gates and they abundantly lived up to their promise in Portland that the 1933 Convention would be long remembered. It was a pleasure to have met them and it will be a delight to know them better year by year.

From President Gale and his efficient and friendly officers and committee members; from Miss Wales of the Breakfast Club; from Tommy Downie and Lewis Welsh of the credit bureau, down to the lowliest hotel page, there was not one who spared any effort or counted the cost too great to make each visitor feel as if he had found old friends.

The Credit Man « « Diplomat and Ambassador

By BENJAMIN LEADER
Attorney-at-Law, Birmingham, Ala.



YOU credit men occupy a position in the life of your industry that is most important and most trying, because very frequently the destinies of your firm are lodged in your hands. To a great extent its capital is tied up in credits. The value of these credits at this particular moment is problematic; it is to a great extent dependent upon the future.

First and foremost, you must be a great diplomat, because it behooves you to use every ounce of diplomacy at your command in treating with your credit accounts. You must not destroy the good will that your firms have built up these many years by being too harsh with an account represented by a customer who has been for many years a valued client of your store, or your business.

You must recognize each individual's particular situation, you should have an understanding of his or her financial status. You should apply this understanding to your every action.

If you dogmatically pursue the collection of your account—attempting to force it without giving a thought to the condition of the individual owing you money, you might not be able to collect your account and might possibly destroy the good will of your employer. If you refuse to extend further credit to a customer, or refuse to open a new account, it behooves you to do it in a most diplomatic way.

First and foremost, in my opinion, you should enlighten the individual with whom you deal, with the conditions affecting your firm. Very few of us, you know, realize that the other individual might be going through the same process that we are.

For illustration, the other day, a business man of importance came to my office, and incidentally discussed an account of some considerable size that was due and owing to a firm in this city, and in this conversation I attempted to explain to him the conditions confronting

the mercantile firms mainly—that their credits were tied up, that in purchasing merchandise today they were compelled to pay a majority of their bills within ten days, or be unable to buy merchandise, at least on a competitive basis with that of other merchants.

This man was astounded. At first he did not believe it. He was under the impression that you could buy merchandise and pay for it in four, five, six or eight months.

It is the lack of this fundamental understanding that frequently brings about a dissatisfied customer, and one that breeds an enemy of your establishment. Therefore, by all means use the rule of reason; be diplomatic in your dealings. Be kindly and considerate of the rights of the other person, and of his situation and condition.

Second, you must be versed in law—at least in commercial law, because frequently by your failure to understand the elementary principles of commercial law, you subject your employer to danger of litigation, and the results that follow it.

Third, you naturally must possess the ability of a warrior, because you are frequently subject to being called to battle with every department head, because it is natural for the department head to desire to increase his sales, and when the credit department curtails credits, his sales are in a sense affected, and he cannot understand why you refuse to extend credit to this or that person.

Therefore, it is essential and necessary that you insist upon your rights in being permitted to pass upon what the credit department does, or refuses to do, because in its last analysis, you are held responsible.

Last, but not least, you must understand the financial condition of your firm. You must recognize that very frequently your firm is not financially able to take on additional accounts receivable, regardless of the desirability to do so, or you must recognize that a superhuman effort must be made by you to collect accounts in order to maintain a proper financial status. You must be thoroughly conversant with every detail affecting the financial condition of your institution.

All of these things you must possess to make, in my judgment, a good and proper credit man.

(Continued on page 32.)

Editor's Note

This article is from an address delivered at the "Old Guard" Day celebration of the Associated Retail Credit Managers of Birmingham, Ala., May 4, 1933.

Mr. Leader is one of the most prominent members of the Birmingham Bar and represents a majority of the larger stores in Birmingham.

Merchandising "Secured" Accounts

By WM. S. HOLMAN, JR.

Credit Manager, G. A. Stowers Furniture Co.
San Antonio, Texas

THE "Retail Credit Survey," published by the United States Department of Commerce, for the period of January to June, 1932, revealed that the average length of life of installment accounts receivable jumped from six months and fifteen days to seven months and three days over the same period of 1931, while installment account losses increased from 1.9 to 3.2 per cent. This survey is authentic and was made possible through cooperation of your National Association and hundreds of retail store members.

During this same period total deferred payment sales decreased over 20 per cent generally and as high as 40 to 50 per cent in individual businesses.

Collection percentages on "secured" receivables dropped from 15.4 in 1931 (for the same six months' period) to 14.1 in 1932. *This latter comparison brings out the fact that American merchants had less operating capital by \$130 on each \$1,000 outstanding in secured receivables.* Losses through repossessions and stock adjustments were tremendous but this has been treated more or less like the ancient and time-honored family skeleton in the closet, for try as you may you cannot get information on this phase of secured selling.

The most serious indictment against us all during the past forty months has been that we have sold terms rather than merchandise in an effort to keep up volume and to unload surplus stocks and reclaimed merchandise. We have all fallen for the old "close out" gag offered by energetic manufacturers and spread the newspapers far and wide with "new low" prices and "new low" terms, yet it is now our sincere hope that President Roosevelt's "new deal" will help us "un-lax" the strangle hold which we have placed on ourselves.

Many "Profit and Loss" statements past, some wise old credit bard made the assertion that an account properly opened is an account 90 per cent collected. What noble words!

The most essential factor in installment selling is to know your customer. Insist on a full and complete history on the application and don't forget to ask about the relatives or next friends in this day of rapid removals from living quarters and changes in occupation and business connections. This minimizes your outside collection expense and saves extra-hour work.

I have long had a pet theory that merchants make their profits from the slow pay accounts. Prompt payers pay your overhead and slow payers pay your dividends. The credit executive who through analysis of his accounts can maintain a safe liquid or cash position and coddle

the slow payers with the additional aid of refinancing or periodic adding of interest to the account is the firm's best friend and money maker. This is the most important phase of "merchandising" the credit department. There are no set rules on how to play this part of the game.

When your cash position gets low it is time to apply the brakes by two major methods. First, you curb buying and refuse new business until your cash position automatically rises through collections in excess of operating expenses; and second, by seeking new capital either through commercial bank accommodations on open note payable on demand or at a time you can meet it other-

MONTHLY COLLECTION PERCENTAGES
FOR PAST THREE YEARS

	1930	1931	1932
January	14%	19%	13.6%
February	14	12	11.9
March	15	11	13.9
April	20	17	09.9
May	15	14	14.3
June	17	13	14.4
July	19	13	08.7
August	15	9	10.4
September	15	12	10.6
October	16	9	09.9
November	15	10	13.1
December	15	17	13.3
Average per month	12/ 190	156	144.0
	16 2/3%	13%	12%

wise, or through pledging of contract accounts as collateral, or by outright sale of contract accounts to a commercial installment credit company.

Vivify your receivables by charts and tables depicting your business and make comparisons with other enterprises in your line and wide-awake, progressive merchants in other lines.

For convenience and ease of discussion let us assume that a firm organizes to sell electric refrigerators for \$100 each, with the following set-up:

Terms \$10 down and \$10 a month, cost \$60, selling expense and overhead (including freight, advertising, rent, delivery, salaries, commissions, bad debt losses, etc.) \$30—net profit \$10. Admit that the whole outlay of expense and losses are incurred at the time of the sale.

Suppose fifty items are sold the first month and one hundred items thereafter each month. In ten months there has been \$95,000 sold and we have collected \$50,000, leaving \$45,000 book receivables. Our total outlay of selling expense has been, for the ten-month

period, \$85,500 giving us a profit of \$9,500, or \$500 the first month, and \$1,000 each month thereafter.

So far, so good, but suppose our \$1,000 monthly profits start skidding. Through the use of graphs and pictures you can locate the trouble with the agility of a master radio-technician. In our initial set-up our collection percentage (total collections for month divided by outstanding at beginning of month) is about 22 per cent but this will vary with the fluctuation of sales and collections. The best installment house picture today looks about like the graph shown below.

Had 1930, 1931 and 1932 been normal years it would have been impossible to plot the collection trend on the scale shown as the variation would not have been great enough to permit it. This picture magnifies the uncertain trend of business during the stock-shocked era we have recently passed through. The irregularities of sales have been just as violent, also repossessions. If you don't believe this, draw yourself a picture of your business.

It is almost mandatory to insist that each contract be clearly executed and recorded with the County Clerk forthwith as the law in your state requires, and to keep penciled records on your ledger and collection card as to special information regarding the customer. Keep abreast of the times by continuous study on the subject of installment merchandising and interpolate new ideas into your business wherever possible. Keep no policy secrets from your subordinates and forget the idea of specialization in your office routine. A well-rounded-out personnel can always pinch hit for each other, keeping perfect the machinery of operation.

In conclusion, plan your work and discuss frequently the matters of business policy with the sales department. Encourage the sales personnel. Write your department into the firm's advertising and set up ample reserves for losses through bad credits and repossessions. Locate the most compensating period and strive to co-ordinate your sales and collections to give you a slight increase in sales over collections, and when you find this point you will find you have a healthy business.

Atlanta Celebrates Completion of Credit Course With Banquet

Thursday evening, May 18, marked a red letter date in the history of the Atlanta Retail Credit Association, when, at their regular monthly evening banquet meeting, twenty-six of those credit ladies and gentlemen who took the credit course sponsored by L. S. Gilbert, Manager of the Credit Service Exchange, received their diplomas. This was the first time in the history of this city that such a course had ever been undertaken and the thirty-eight enrolled were in attendance at every lesson.

The presentation of the diplomas was made by T. B. Everett who has been credit man for the J. M. High Co. and the Ivan Allen-Marshall Company for more than twenty years and the first President of the Atlanta Retail Credit Association.

The meeting was attended by about sixty-five credit executives, who, after the presentation of the diplomas, listened to a very able address by J. J. Doran, Comptroller of Davison-Paxon Company Department Store.

Plans were started at this meeting for an even larger class for next fall and also the enrollment of this present class in the advance course.

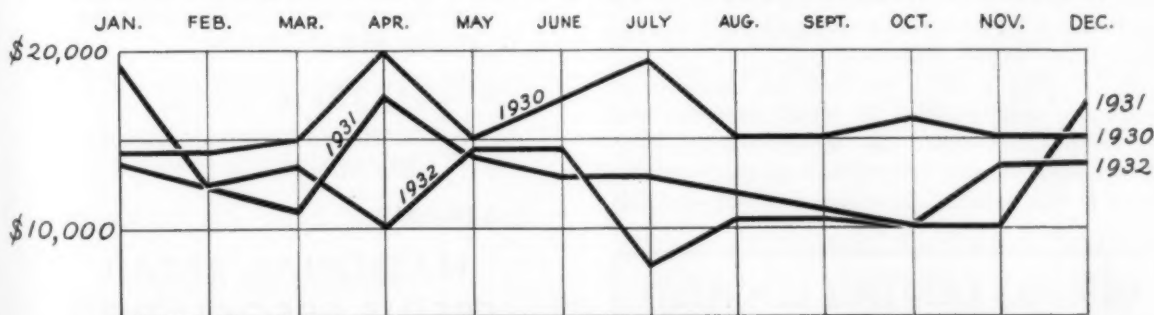
The Atlanta Association feels highly complimented in that four of the graduates of this class have been entered in competition with those selected from all parts of the United States.

» » »

New York's New Officers

Walter E. Baab, Credit Manager of Franklin, Simon & Company and H. E. Armstrong, Credit Manager, McCreery's, were elected President and Vice-President respectively of the Credit Bureau of Greater New York and Associated Retail Credit Men of New York City. These officers who assumed office on April first, have appointed all committees and mapped out an intensive educational and legislative program for the year.

Three-Year Graph Showing Collections in Dollars for each \$100,000 Outstanding



Note that collections in 1930 had a lead, for 10 months, over 1931 and 1932—1931 exceeded 1932 for only 6 months—1930 exceeded 1932 for all 12 months.

A New "Place in the Sun" for the Trained Accountant?

"If the 'new deal' which the national administration promises, and which bids fair to come to pass, is to be carried out and made actual, its success in many respects is going to depend upon the work of skilled accountants—men who are competent to determine from facts and results not only the actual experiences of the past but from them the probable trends of the future," declares B. G. Willard, Vice-President of the Bentley School of Accounting and Finance of Boston.

A contributing cause of some of the worst conditions that have recently developed has been the lack of proper accounting. If an old and trusted banking house had insisted upon a thorough check-up by properly equipped accountants, no such crooked and damaging thing as the Kreuger affair could have happened.

The accountant must be something more than a skilled bookkeeper. He must be so thoroughly and deeply trained in his profession that he sees not merely balance sheets and profit and loss statements as they are determined by figures, but is able to read through them the true condition which may or may not be expressed by the figures themselves.

Sensing that with the growth and development of business and finance in the United States there would be a steadily increasing demand for men adequately qualified both in professional accounting and in accounting for all types of businesses, Harry C. Bentley, a certified accountant of four states and a teacher of long experience, founded the Bentley School of Accounting and Finance, of 921 Boylston Street, Boston, in the winter of 1917 with 29 local students.

In fourteen years' time the demonstration of practical service by its graduates in responsible positions of business administration, in public accounting, and in government service, was such that the enrollment was in excess of 2,700 students from 22 states and 5 foreign countries.

Two years are required to complete the course of study. The curriculum is devoted to recordative, constructive, inspective, and cost accounting; finance, economics, commercial law, and collateral subjects; all of them directly pertinent to the specialized training which is essential to the man whose profession is public accounting or whose vocation is business.

In the earlier years of the school the high plane of professional training which the school maintained was not generally appreciated. An overwhelming proportion of the entering students were graduates of the commercial course in high school. As business men and educators

came to realize the professional standing of the Bentley School, the trend changed and during recent years about two-thirds of the entering students are young men who have prepared for college or have turned to specialized training in accounting and finance with the same intention to go into it deeply that they would show if they were preparing to become doctors, lawyers, or engineers.

A constantly growing number of college graduates and graduates of university schools of business administration enroll for Bentley School training. The school is endorsed by many leading banks, manufacturing companies, distributing companies, and public utility companies. This is evidenced by the steadily increasing number of Bentley graduates whom they have introduced into their organizations. Graduates are employed in 29 states and 6 foreign countries.

The graduates are able to make the creditable showing which they have, to a large extent at least, because the entire efforts of the management and faculty of the school are devoted exclusively to the endeavor to do one job thoroughly and well; that is, to train men who desire to become specialists in accounting or in the key department of business administration.

Collection Letters - - Business-Building Letters - - Inactive Account Letters - -

A monthly service, consisting of:

1. Each month a four-page *Better Letters Bulletin*—four pages of constructive letter ideas for better and quicker collections, for developing new charge accounts, for stimulating present charge accounts and reviving inactive ones.
2. Each month, copy for (a) one new letter to solicit new charge accounts and (b) one new letter to revive inactive accounts.
3. Every three months, copy for six new collection letters—letters that will bring you *new ideas* on collections.

SPECIAL TRIAL OFFER:

The Better Letters Service
Six Months for \$7.50

Address:

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THE PRESIDENT'S MESSAGE

ARTHUR P. LOVETT

President National Retail Credit Association



ON JUNE 17 and 18 our Officers and Directors will meet in Saint Louis to go over the reports of our Manager-Treasurer and Secretary and Educational Director for the past year, and to do such business as will come before the Officers and Directors for our future.

From the verbal report that I have from our Manager-Treasurer I believe that you will find our National Association in a sound financial condition.

Even though we have gone through the greatest year of the depression we are coming out very much better than I expected. This has been made possible only through the splendid cooperation of the credit executives and credit bureau managers.

I have visited ninety-seven credit bureaus and given sixty speeches during the past year.

I Am Interested In Learning of:

- Any Credit Bureau for sale.
- Any Collection Agency for sale.
- Any Credit Bureau seeking a Manager.
- Any Retailer seeking an experienced and capable Credit Manager.
- Any city where the Merchants are interested in organizing a Credit Bureau.

Your Correspondence Will be Held Confidential

D. J. Woodlock
National Retail Credit Ass'n
St. Louis, Mo.

Last year we thought, and wisely so I think, that it was not a good year to go after new memberships. With the coming year, however—with business conditions looking up in every line—I believe that our major activities for the coming year should be the securing of new members and the renewal of the memberships dropped this year.

Mr. Leop. Meyer, Chairman of the "Old Guard" Committee, is to be very highly complimented on the splendid work that he has done in the past year and I sincerely hope that we will be able to get him to carry on until the convention in Memphis in 1934.

The reports coming in from "Old Guard" Day celebrations held in one hundred cities throughout the country show the splendid work that has been done by the chairmen appointed by Leop. Meyer. They should be very highly complimented.

I honestly believe that during the year of 1934, if we will all cooperate together—credit executives and credit bureau managers—as far as memberships are concerned, we will surpass our highest record in our National Association.

Again I say this can be done only through the cooperation of everyone interested in our beloved National Association. Let us, one and all, make a solemn vow that we will get at least one new member each during the year 1934.

Washington, as shown by the front page of our March-April CREDIT WORLD, is going ahead with the "New Deal."

Let us of the National Retail Credit Association make a new deal for ourselves and that new deal should be the promotion of more National memberships and greater National activities.

Let us have continued faith in our future and in our National Association.

We "Rehabilitate" Delinquent Customers

(Continued from page 7.)

In instances in which the account is not sufficiently large to consider the trustee note, the following letter is written:

Dear Mr. —:

In making our periodic examination of our subscribers' charge accounts for the purpose of giving a correct credit rating to those persons whose names appear regularly in our credit rating records, we find accounts in your name which are now past due.

It is a part of our service to undertake to assist debtors in liquidating their past due accounts and maintaining a satisfactory credit rating for future reference, and for that purpose we are bringing this matter to your attention. If your past due accounts are allowed to remain unpaid, naturally, your credit standing will become involved. We shall appreciate your attention to this matter at your earliest convenience, since it is our earnest desire to assist you in every way possible in maintaining a satisfactory credit rating.

Very truly yours,

A. G. JOHNSON, *Assistant Secretary.*

The following letter is written to out-of-town debtors whom we are endeavoring to interest in loans:

Dear Mr. —:

The audit which is now being made of our members' accounts indicates that several of your obligations are running rather badly overdue. Where several past due accounts are encountered we naturally assume that the debtor has experienced unforeseen difficulties of one nature or another, making it impossible to retire obligations as they mature.

If your past due accounts are allowed to remain unpaid, your credit standing will become involved. If it is impossible to retire the accounts in question within the next week or ten days we suggest that you pool these obligations in the form of a loan. When the loan is completed the bank will pay your creditors and your one obligation to the bank can be met in installments over a number of weeks or months.

This plan has been successfully used by a number of Dallas people in maintaining their credit standings where otherwise their ratings might have been jeopardized. Your creditors will be glad to cooperate with you in completing arrangements for a loan. Additional details of this plan may be had by discussing this matter with me or with the credit managers of the firms to whom you are indebted.

We believe that this suggestion will be of some valuable assistance to you and we hope that you will act upon it without delay, because individual credit ratings are being adjusted as the audit proceeds.

Very truly yours,

A. G. JOHNSON,
Assistant Secretary.

There is a type of individual who is able to pay his accounts but neglects doing so, and to this customer who is chronically slow an educational letter is written:

Dear Mr. —:

In auditing the books of several of the retail stores of the city, in order to determine properly your credit rat-

ing, it appears that you are carrying open charge accounts with at least two stores, and perhaps more, upon which accounts you are making periodical payments. It appears, however, that the payments being made are in amounts which leave an unpaid balance dating back several months, and as a result it is impossible for you to maintain a prompt-paying credit rating.

This matter is being brought to your attention with the suggestion that you arrange your accounts in such way that your monthly payments will take care of that portion of your account which is more than sixty days old, leaving unpaid your purchases for the sixty days preceding the date of payment. If this is done, the account will be considered as current and your credit rating will be greatly improved.

This letter is not being written at the request of any of the merchants who are carrying your accounts, but simply as a suggestion on our part for improved credit standing, in view of the fact that we must have a uniform standard upon which to base our correct ratings.

Very truly yours,

DALLAS RETAIL CREDIT MEN'S ASSOCIATION, INC.

A. G. JOHNSON,

Department of Accounts.

A letter was written to all heads of firms which employ a large number of people explaining our system and reminding them that worry decreases the efficiency of the employees. It was suggested to them that all employees in debt be advised to call at the office of the bureau where they would be assisted in making definite arrangements for the payment of their accounts. The response to this letter alone would have justified the use of the plan.

A striking example of the efficacy of the plan may be demonstrated by a case which was handled a few months ago. A man of about thirty-five years of age was comparatively secure in business circles until 1930 when the firm with which he was employed went into receivership, leaving him without employment.

After several months of unsuccessful attempts to find employment, with his wife and three children dependent upon him for support, and the payments which had to be made on his home, he had used all his savings and borrowed to the limit from the bank and on his life insurance policy.

Efforts to sell his home had failed. He was unable to pay his creditors and he and his family were facing a period of semistarvation. While he was still in a state of incredulity that such misfortunes could happen to him, he secured a position, and although the job offered little remuneration, it held promise of a salary which would enable him to get along after a fashion.

During the many months of his unemployment his creditors had kept in constant touch with him, but when it was learned that he had obtained a position he was annoyed by collection letters and collectors. Every time he made a dollar there were several who claimed it. Two of his creditors threatened to take up the matter of his delinquent accounts with his employer.

He felt that his situation was a desperate one, and he began to look upon his creditors as hostile forces working

against his interests. His morale was broken. It was with a feeling of hopelessness that he answered our letter requesting him to call at the office.

When it was shown to him how by the Trustee Agreement Plan he could liquidate his obligations by dealing with only one person, and at the same time show his creditors his willingness to pay, he eagerly agreed to the program, proposing to pay each month more than he was able. The department manager, however, advised monthly payments well within his capacity to pay, with the result that the creditors received full payment within the time stipulated in the agreement.

One of the most important phases to be considered in the foregoing example is the fact that the creditors, by approving of the trustee agreement, were able to maintain the good will of the debtor, thereby creating the possibility of making a good credit customer of him.

Not infrequently, debtors who because of their reduced incomes have been unable to pay their obligations when due, but who through negligence have not made any arrangements toward the settlement of these debts, upon the receipt of our letter requesting them to call at the office, will go at once to their creditors with a plan to pay them. Too, it happens often that a mere promise to pay made verbally to the creditors is not fulfilled, whereas by having the debtor sign an agreement the psychological effect is sufficient to induce him to pay.

This method of collecting accounts has not only lessened the difficulties of the credit man by half, but it has saved the retailer the necessity of giving his account to a collection agency, whereby he receives only a fraction of the original amount of the account.

The effects of the interviews of the department manager with the individual debtor will have far-reaching results, for the customer is being made to realize more fully the value of a credit rating, and he is learning how to keep it unimpaired.

SKIPS LOCATED

HERE is a proven system that *positively* gets you the information you want on your

MISSING DEBTORS

BECAUSE it is backed by recommendations from the outstanding retailers, bureaus, collection agencies, associations and attorneys throughout the country

AND we positively GUARANTEE you satisfaction. By that we mean that *you* must be satisfied with the results or you owe us nothing

THEREFORE it costs you NOTHING to try this service. A request on your letterhead will bring complete details, samples and references with *absolutely* no obligation

NATIONAL INHERITANCE SERVICE
GRANT BUILDING SAN FRANCISCO

"Located is half collected"

That the Trustee Agreement Plan is constructive is manifested by the fact that it benefits both the retailer and the customer. As a solution to the difficulty in handling delinquent accounts, it may appear to the reader to be inadequate, but as John Maynard Keynes, the brilliant economist, has written in "The Economic Consequences of Peace":

"All that is now open to us is to redirect so far as lies in our power, the fundamental tendencies which underlie the events of the hour, so that they promote the reestablishment of prosperity instead of leading us deeper into misfortune."

A Timely Insert

"In Tune With the Times"

Buy Freely—
Pay Bills Promptly—
The Way to Better Times!

LEADERS of the Nation are agreed that unstinted buying and prompt payment of bills would quickly restore national prosperity

Increased buying creates immediate demand for raw materials and manufactured products. Increased employment quickly follows.

Paying retail bills promptly keeps money in circulation, enabling merchant, manufacturer, and worker, each in turn, to pay his bills promptly. Everyone benefits!

Use your charge account freely and pay each month's bill promptly—that's the way to prosperity!

National Retail Credit Association

Executive Offices

St. Louis, Mo.



Inoffensive, inspirational, these little "boosters" can be enclosed with statements and letters without fear of offense.

Size, 3½ x 6 inches; printed in red and black; \$2.00 per thousand postpaid.

Order from
Your Credit Bureau or the National Office



WASHINGTON BULLETIN



R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association

FOREWORD

AT THIS writing, May 29, two legislative measures of outstanding interest to credit granters and in the campaign for the enactment of which the National Retail Credit Association has played an active part, are still in conference. These measures are *H.R. 5040*, containing among other provisions, reduction of first-class mail from 3c to 2c on local delivery and the Glass-Steagall banking reform bill, *S. 1631-H.R. 5598*.

At a hearing on the first measure on May 3, before the Senate Finance Committee, the Washington representative of the National Retail Credit Association appeared and supported the first-class mail reduction and details of the part that the National Retail Credit Association has played in banking reform are generally known.

The Senate and House conferees are said to be in agreement on the mail reduction and it is expected that the conferees of the two bodies on banking reform will likewise be in agreement on two features of that measure in which retail credit granters are vitally interested—branch banking and some form of banking insurance.

In the expectation that *H.R. 5040*, containing the mail reduction provision, will soon become a law, we present, through the courtesy of Mr. William C. Wood, Superintendent of the Division of Classifications, Post Office Department, the following explanation of how the reduction will apply:

"Matter for local delivery is that which is addressed for delivery within the postal limits of the post office of mailing or in other words it is that for delivery at or from the post office at which mailed. (Branch offices come within this definition.) If it is addressed for delivery at another post office then it is not local delivery."

Legislative

(a) The status of several of the more important national legislative problems is recorded as follows:

H.R. 5480, known as the Securities Act of 1933, was approved by the President on May 25; *S. 1712*, the National Industrial Recovery bill, passed the House on May 26, and is now before the Senate Committee on Finance. Hearings were held before this Committee on Monday, May 22, and Friday, May 26, and will continue this week on Monday, May 29, and Wednesday,

May 31. There is no definite time as to when the hearings will be completed.

The Senate Committee on Banking and Currency has had under consideration *H.R. 5240*, to provide emergency relief with respect to home mortgage indebtedness, and on May 25, it was reported with amendments back to the Senate.

Senator Pittman introduced *S.J. Res. 43*, on April 11, providing for the use of the water of the Saint Lawrence River for the generation of power by the State of New York. There has been no action taken on this bill and it will no doubt go over until the long session in December.

H.R. 3835, a bill providing for emergency agricultural relief, farm mortgage relief, and currency issuance and regulation, has now become a law and is known as *Public No. 10-73d Cong.* This Act is divided into two titles, viz., *Agricultural Adjustment*, designed to reduce the level of certain basic commodities and *Agricultural Credits*, authorizing an issue of \$2,000,000,000 in bonds by the Federal Farm Loan Act as amended by Title II of this new bill which will authorize an additional \$2,000,000 of bonds. This is for the purpose of reducing interest and refinancing farm loans.

H.R. 5081, a bill providing for the Muscle Shoals and Tennessee Valley development, was approved on May 18, and is now *Public No. 17-73d Cong.*

Departmental

A survey released May 10, by the U. S. Department of Commerce, entitled "A Survey of Retail Management Practices," contains some very useful information as to successful business operation. While a sample study in itself, in so far as territory is concerned, it is believed that since sound management practices in retail establishments are much the same everywhere, individual merchants located in all sections of the nation can use the results of the study as a basis of comparison for their own methods of doing business.

The physical appearance and arrangement of merchandise in retail establishments and the condition of book-keeping records are outstanding indexes to the kind of management under which stores are operated. This survey shows that unprofitable stores tend to be poorer in appearance and cleanliness, have less efficient arrangement of merchandise, and maintain less adequate book-keeping records than stores operating at a profit.

Thirteen kinds of retail stores are represented from five communities selected in Alabama where the study

was conducted with the assistance of the School of Commerce and Business Administration of the University of Alabama. Copies may be secured at a price of 10 cents per copy from the Superintendent of Documents, Washington, D. C.

Court Decisions

(a) The Supreme Court of the United States has promulgated a new general order in bankruptcy designed to lessen the practice of appointing ancillary receivers in jurisdictions other than that where the original appointment was made. A petition was filed with the Supreme Court by New York lawyers alleging that there were many unnecessary appointments of ancillary receivers being made, particularly in chain store reorganization cases.

The petition cited eight cases where ancillary receivers were appointed "without the consent of either the primary receiver or the Court of original jurisdiction and frequently over the objection of the primary receiver, causing waste of time and funds and interference with the proper administration of the estate."

Under the new general order, applications for the appointment of ancillary receivers must set out in detail facts showing the necessity for the proposed appointment and the petition must be assented to by the primary receiver or verified by a party in interest.

(b) Credit managers should be especially interested in a petition for a writ of certiorari to the Supreme Court of the U. S. from the Eighth Circuit Court of Appeals in *Welsh v. Commissioner of Internal Revenue*. From the facts in this case it appeared that a stockholder of a bankrupt corporation paid the debts of the corporation for the purpose of reestablishing his credit so that he could continue in the business in which the corporation had formerly engaged.

This gentleman claimed that these payments were "ordinary and necessary business expenses" in carrying on his business and as such were deductible from his income tax returns but the Commissioner of Internal Revenue disagreed with the taxpayer and disallowed these deductions.

However, most credit managers will agree that instead of disallowing such deductions, the Commissioner of Internal Revenue should promptly and expeditiously allow them and it is to be hoped that the Supreme Court can see the question in that light and grant the petition for writ of certiorari and for review.

(c) A trustee in bankruptcy is liable to the landlord of a retailer for rent from the time that he qualified to the time that he surrenders the premises but in *re Chandler, bankrupt*, the United States District Court for the Northern District of New York, on April 22, 1933, it was decided that the trustee during his occupancy of the premises did not have to pay the rent upon a basis of that provided in the lease.

In this particular case, it was shown that the lease rental was \$441.67 per month, but evidence produced

before the court showed that this amount was unreasonable and that a rental value of \$325 per month was all that would be allowed. This decision would seem to be of some importance, since it is seldom that trustees upon their appointment try to have the amount of the rental reduced while occupying the premises.

(d) Texas and New Mexico appear to be adopting different views as to the priority of liens upon personal property purchased in one state under a chattel mortgage but afterward surreptitiously removed to another state. The Texas Courts have taken the view that if a chattel mortgage is given upon personal property in New Mexico and the mortgage is properly recorded in that State but the personal property is afterward removed to Texas and the mortgage has not been rerecorded in that State, then attachment and other liens obtained in Texas have priority over the mortgage.

In a recent case in New Mexico the Supreme Court of that State has taken the contrary view and in rejecting the doctrine of the Texas Court has made the following statement:

"We are unable to see how the adoption of a rule of retaliation could in any way protect our citizens from any injury caused by the undesirable practices which are said to result from the operation of the Texas doctrine; nor are we convinced that the adoption of such a rule by this court would not merely further extend the evil by encouraging the unlawful removal into New Mexico of property which had been mortgaged in Texas."—*Hart, etc., v. Oliver Farm Equipment Sales Co.; N. Mex. Sup. Ct., No. 3698, April 17, 1933.*

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Seeing It Through

Retail credit has since its inception played a most important part in business development. In the minds of some students of business economics, retail credit has been the backbone of business, distributing the greatest amount of merchandise or services to the greatest number and in its administration has rendered a real worthwhile service to both the individual and the merchant.

Retail credit, in arriving as an important factor in business development, was builded on the moral hazard—the character of the individual. Sound basic principles determining the character of the individual have been centered around the fundamental thought—"Can he pay, does he pay, and will he pay?"—and in consequence, retail credit has taken its rightful place as the greatest single factor in business development, and in the making of the average American home a place of satisfaction, joy and contentment.

Retail credit has its place in business and in the life of the citizenry of not only the community, but of the entire country; but only as it functions on its proper basis—THE CHARACTER OF THE APPLICANT, and as it sees itself as a blessing and not a curse, it maintains its place as a sound economic factor. Such is the line of action needed and in seeing it through, retail credit retains its position.—A. J. KRUSE, *Superintendent, Associated Retail Credit Men and Credit Bureau of St. Louis.*

Why Public Utilities Need Credit Bureau Service

(Continued from page 15.)

I tell you these things not to give you some idea of how to try to evade paying your utility bills but to illustrate the fact that we need the Credit Bureau in conducting our business. It is as true today as ever that "the value of a credit bureau service varies directly as the pressure exerted upon its use."

I doubt if any of us are using the bureau as much as we should. If we would secure reports on our new customers, we would know better how to protect ourselves from Bad Debt accounts.

I cannot say too much for the value of the weekly meetings of the utility credit men in Wichita and their close cooperation with the bureau.

We find that we aid one another and the bureau as we discuss the individuals or firms who are slipping in the payment of their bills. We take turns in submitting names for discussion or "Locate," that is, the telephone company submits a list one week, the next week the gas company, and so on around. All the representatives bring in reports of their experience and the bureau furnishes the report from the other merchants. The utility furnishing the list pays the bureau for the reports.

One of the most beneficial results from these meetings is that the five companies are working on a more nearly uniform credit basis. By this close cooperation it is not unusual for all of us to clamp down on a customer at the same time.

Much could be said regarding the benefits of this community credit policy of the utilities.

Back in 1929 someone wrote a description of the qualifications necessary for a Utility Credit Manager. He should have the learning of a college president, the consecration of a clergyman, the executive talent of a financier, the humility of a deacon, the supernatural powers of a seer, the doggedness of a detective, the craftiness of a politician, and the financial resources of a banker.

He should be an angel for temper, a demon for discipline, a diplomat for tact, an optimist for hope and a hero for courage. He should have the wisdom of a Solomon, the gentleness of a dove, the grace of reverence, the patience of Job, and the perseverance of the devil.

If he has all these he should be able to do a fair job. That was prior to 1929 and I would be interested in seeing this individual's revision as of 1933!

COLLECTION BUREAU FOR SALE

Florida city, population over 100,000. Established 15 years, little competition. Reasonable price. If interested, write Box 51, CREDIT WORLD.

The Fall Guy

Yes, we're in a big depression and bills are hard to meet, The butcher and the baker have certainly been sweet, The doctor and the dentist and the clothing store man, too—

Have all been very kind to me and always see me through.

Of course, the saps don't know it but the joke is surely funny,

To think the car I'm driving was gotten with their money.

They buy me gas, they buy me tires, they buy me all my oil—

These merchants sure are good to me and save me lots of toil.

I take the girls out riding and have a lot of fun, I'm sure the "cat's pajamas" and I never mind a dun.

Here's to you, good old merchant man, you're honest as the sun!

But me, I've got an auto and you—you've sure been stung.

—H. P. LAMBERT,
Credit Manager,
The John Beno Co.,
Council Bluffs, Iowa.

SURVEY SHOWS SMALL LOAN DISTRIBUTION

During 1932 300,000 families engaged in all kinds of activities borrowed \$56,000,000 from Household Finance Corporation in amounts up to \$300 for paying bills and meeting emergencies.

WHO BORROWED?



92,000 engaged in manufacturing, processing, and building.



57,000 utility, transportation, and government employees.



53,000 managers, teachers, and professional people.



45,000 workers and domestics.



37,000 salesmen, office and store clerks.



14,000 miners, oil workers and farmers.

HOW MUCH?



107,000 borrowed from \$101 to \$300, amounting to \$30,000,000.



125,000 borrowed from \$101 to \$200, amounting to \$20,000,000.



68,000 borrowed up to \$100, amounting to \$6,000,000.

WHY?



140,000 borrowed \$26,000,000 for paying bills due to the landlord, the coal dealer, the corner grocer and others.



60,000 borrowed \$11,000,000 to pay bills due for insurance premiums, taxes, interest, and for real estate.



38,000 borrowed \$7,000,000 to pay bills due doctor, dentist and hospital.



62,000 borrowed \$12,000,000 for business purposes, moving, repairs, education, travel, and to aid relatives.

80% to Pay Debts Already Contracted

20% for Cash Expenditures

The Credit Department "Carries On"

By W. E. RYAN

Assistant Credit Manager, Broadway Department Store, Inc.
Los Angeles, Calif.



[[How the Credit Department Met the Emergency, When the Store Advertised, "We Will Accept Bank Checks," During the Recent Banking Holiday]]

TO THE credit men in the various business organizations in the state of California, Wednesday, March 1, of this year was just another day, not unlike hundreds and hundreds of other days that had dawned and passed without leaving anything in the memory to force recollection of them. The problems that had confronted them for years were the same problems that confronted them that day. Cloaked though some of them may have been in unfamiliar raiment, nevertheless, fundamentally they were the same.

However, the next day presented these men with a situation they had never before been compelled to face—for a short period they would have occasion to extend credit on cash sales—paradoxical as it may seem.

The Honorable James Rolph, Jr., Governor of California, after much deliberation, deemed that it would be for the interest of the people of the state of California to declare a bank holiday to be effective March 2nd, 3rd and 4th of this year. A proclamation declaring this was signed shortly after midnight, March 1st.

Everyone is familiar with the amount of purchasing done through the medium of the bank check. In all the larger retail organizations, especially in the department stores, this was indeed a problem.

With this in mind, and knowing it was impossible for customers to secure cash with which to do their purchasing, and knowing at the same time that if we did not accept bank checks we would probably lose a large volume of business, the executives of the organization met the problem with the announcement: "We will accept bank checks at The Broadway Department Store."

On whom, then, should the responsibility fall in determining whether a particular bank check should be accepted or not? As a matter of fact, who is better qualified to determine such a problem than the credit office which has within its ranks trained men, who, day in and day out, among other things, pass on the moral responsibility of the individual seeking credit?

We say moral responsibility because we, as business men, know that moral responsibility is only one of the factors necessary in extending credit; but with the banks being closed and that avenue of verification entirely shut

off, the necessity of determining whether or not a bank check should be accepted, rested almost solely on the moral responsibility of the party presenting the check.

It was then decided that this should fall under the jurisdiction of the credit office. The manner in which to proceed was then outlined:

When a customer called in any department and made a purchase, tendering a bank check in payment thereof in excess of two dollars, she was immediately asked by the floor man to call at the credit office for verification. Arriving there she was assigned to the desk of an interviewer to whom she presented her bank check.

To determine then the responsibility, it was decided that certain information be derived from the customer similar to a regular application for a charge account, but not quite as extensive. This was done primarily for the purpose of tracing—in the event that the check should be returned from the bank. We did not know at that time how long it would be necessary to hold checks before being allowed to present them at the banks.

In the event that the check presented by the customer was considered by the interviewer to be satisfactory, he would then place his stamp of approval on the back of the bank check and send it back to the department from which it originated. The information gathered by him at the time of the interview with the customer was placed in a permanent file so that should the customer come to the store the next day to make another purchase, it would not be necessary to refer her to the credit office.

On her statement that she had been there the day before, the check would be enclosed in a carrier and sent through the tube lines to the credit authorizing department which would handle the check the same as though it were a charge sales check. In passing, it might be well to say that only in one or two instances did a customer resent the fact that she was being asked to the credit office and a spirit of cooperation and willingness was shown that was wonderful to behold.

The problem up to the time President Roosevelt declared a national bank holiday, had been purely a local one, but with that declaration it became national. The

fact that it was a national bank holiday did not materially affect a number of stores in the country, but in California, particularly in Los Angeles where an appreciable portion of the trade is derived from tourists, and checks were being presented from every state in the Union, the situation was one with which to conjure. So satisfactory had been the results with regard to the state bank holiday, however, it was decided to continue in the same manner during the national bank holiday.

It is interesting to note that during all this bank holiday, there were passed only two worthless checks from which we will be forced to take a loss; and it is probable, due to the particular character of those two checks, we would have suffered a loss on them regardless of the holiday. We like to feel that the store was saved from other worthless checks due to the fact that people who were not presenting good checks thought better than to go to the credit office and there be questioned by an interviewer!

Thus an unusual problem was solved and the credit office had an integral part in the solution. Such a procedure as O.K.ing bank checks may, of itself, have no particular import, but the value of the psychology which was created can never be measured in dollars and cents. To the public it meant that the stores had faith in the banks and in the action of President Roosevelt.

The stores, themselves, gained materially by this action, inasmuch as the public looked up to them because of their willingness to cooperate in accepting the bank checks not knowing, necessarily, the outcome or just how many of the checks would be ultimately paid at the banks. In other words, it meant that the stores were willing to show that they, also, had confidence in the integrity and honesty of the American public.

It tended to instill in the hearts of men a confidence which had been sadly lacking for these past few years. To the store it meant the building up of hundreds of files we would not otherwise have had, many of which developed, after a little investigation, into very good charge accounts.

» » »

"If I had a son I would want him to establish a credit rating as soon as he embarked on his business or professional life, so that he would find out how indispensable a part credit plays in commerce and would learn how to use it without letting it get out of hand."

"The frailties of human nature place a great many pitfalls in the path of credit, and my advice to a son would be to go slowly and cautiously. At first he should open accounts with one or two stores and buy very small bills on credit—say a half-dozen collars in a month, or the equivalent; and he should pay his bills promptly, in this way building up confidence in his credit."

—Extracts from a recent newspaper interview given out by J. Morgan Bright, Manager, Retail Credit Men's Assn., Chattanooga, Tenn.

The Credit Man— Diplomat and Ambassador

(Continued from page 21.)

Your task is a most difficult and trying one at this time. It is hardly realized by the heads of your firms. In your hands is left (in my judgment) to a great extent the destiny of your institution.

A proper realization of this enormous task means the building up and retaining of good will. An improper understanding and administration of your office, means the destruction of good will and irreparable injury to your firm.

You are its ambassador and your position is as important to it as the position of any ambassador representing the Government of the United States in a foreign country.

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A Boost for The CREDIT WORLD

The following letter from Mr. Charles M. Reed, General Manager of the Retail Credit Men's Association, Denver, and First Vice-President of the National Retail Credit Association, is so complimentary that we are reproducing it verbatim:

May 15, 1933.

Dear Mr. Woodlock:

Thanks for additional copies of the May issue of The CREDIT WORLD, and what a CREDIT WORLD it is! The cartoon on page 3 is certainly "fetching," and your comments with reference to accounts receivable are most timely.

I am glad the "Old Guard" arrangement went over so nicely. In a discussion this morning with reference to Mr. Shealey's article on page 8, the boys expressed themselves as being highly pleased with our efforts to in some manner regulate the bankruptcy situation as it may pertain to the consumer.

The new arrangement of the "Three C's" by Mr. Sosebee is a situation upon which we have dwelt in our credit classes at Denver University for several years. We are glad to see it coming out in print. As a matter of fact, Dave, there are so many good things in the May issue that we might write several pages telling you about them.

My thought, at this time, is to use the May issue as a textbook for a brief course in advanced work.

Mr. Glass of the Cottrell Clothing Company is very much pleased to see his little article appearing. Glass is the man who was appointed upon our local "Old Guard Committee" to furnish "reading material" for the benefit of those who would rather read than write.

Credit managers who are not carefully reading and digesting contents of The CREDIT WORLD are missing a big bet.

Very truly yours,
C. M. REED,
First Vice-President.

We are always glad to have expressions of either commendation or criticism from our readers on the subject matter and appearance of The CREDIT WORLD. Only by the reactions of its readers can we gauge the effectiveness of our editorial efforts.

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